

# THE BUSINESS WEEK

## BUSINESS INDICATOR



Swings of stock-market sentiment are capricious, but they have become crucially important for business recovery because they now control the congealed currents of credit . . . . The beginning of a major bull movement would be the rarest thing in June during a depression year, unless the business improvement since December has been mysteriously underestimated . . . . The current trade statistics are of no special significance save as showing sustained resistance to further radical recession and an early onset of the usual summer slackness . . . . Our index has shaded off slightly during May, and is back to the level of the beginning of the year . . . . Commodity price declines continue, and wheat has settled sharply to expected open market levels as Farm Board support is withdrawn and the new crop starts to move . . . . But neither commodity nor security quotations now reflect economic actualities, and rational revaluation is inevitable. Those who recognize this early will not regret it . . . . The acute contraction of credit purchasing power and the accompanying crimp in confidence are now the controlling factors, and the pressure of the unprecedented plethora of gold supplies, increased by continued imports, must soon correct this condition . . . . The disposition of banks to loan a little more on security collateral, and of government to lay off a leading oil merger and let business build bulwarks against price demoralization are the first pale pink bull-points in a color-blind bear market.

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# What's In This Issue

## —And Why

### Canada

PREMIER BENNETT lays a few more bricks on the tariff wall to make the investment gateway to the Canadian market more inviting. (page 2)

### R.R. Reciprocity

LAST year's hearings on reciprocal buying reach the Federal Trade Commission. The first cases offer little opportunity for stopping the practice by government action. (page 20)

### Commodities

PRICES are a mirage, not a mirror of the markets; buyers may find there's many a slip 'twixt the hand and the mouth. (page 9)

### Summer Sales

THE mail order houses pour out 28 million midsummer catalogues featuring bigger and better bargains, 1931 merchandise at 1913 prices. (page 11)

### Cotton Week

MANUFACTURERS, wholesalers, retailers and associations use every means to make the nation cotton conscious. (page 18)

### Gold

WHERE it goes, what it does, what it's all about; the whole technical subject presented in everyday language, with particular attention to the crisis that's due any day now. (page 24)

### Oil

STANDARD OF JERSEY is still in the gasoline and grease business, but keeps after the profitable by-products. (page 15)

### Mortgage Bank

OURS is the only major country without the advantages of a "Federal Reserve" for mortgages; the realtors propose to liquefy these

frozen securities, aid home buying and building. (page 7)

### Second Cup

COFFEE men say our per capita consumption is just a demi-tasse, plan a \$1 million campaign to increase it. (page 19)

### Production

*The Business Week* interprets the census of manufactures with a map showing the relation of the 9 economic divisions of the country. (page 12)

### Brain Show

THE American Institute of Accountants shows its relics and tests its apprentices in a remarkable exhibition of accounting antiquaria and cerebral endurance. (page 28)

### Kw. \$

PEACEFULLY, without courtroom quarrelling, the New York State Public Service Commission and the power companies reach an agreement on new rates for New York City. Small users pay for availability, larger users get the benefit of increased consumption. (page 8)

### Paying Up

HOUSEHOLD appliance makers, who won the right to a lien on the property in repossession cases, are being forced by mortgage holders to subordinate their claims. They fear for the future of their instalment sales. (page 13)

### New Market

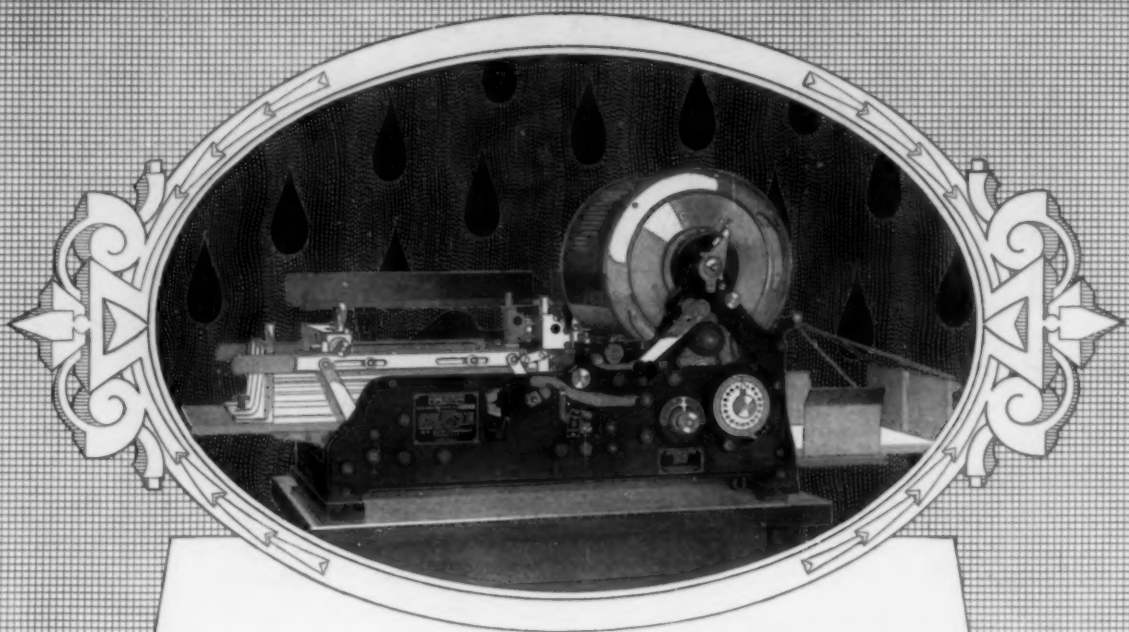
STEEL enters the field of ceramics with enameled tiles which interlock on a wallboard base. (page 14)

### Industrial Terminal

ELEVATORS that take truck and all make every floor a ground floor in the 19-story Starrett-Lehigh Terminal. (page 21)

### Automobiles

MOTOR makers aren't allowing the N.A.C.C. plan for winter model announcements to stand in the way of sales stimulation. (page 22)



## DROPS THAT BRING RELIEF

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# M I M E O G R A P H





# THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

News of the week ending June 6, 1931

## Canada Raises the Tariff Wall But Not So High as Expected

**Bennett strengthens his invitation to American branches; applies new rates to his deficit**

OTTAWA (*Special Correspondence*)—Premier Bennett did part but not all that was expected of him in presenting his annual budget to the Canadian House of Commons this week. Tariff increases were the leading features of his speech. But they were not so high, wide, and ruthless as had been forecast. Last September he announced that the extensive revision at that time would not hold a candle to what might be looked for when the Conservatives had gotten firmly seated in the saddle.

### **All Schedules Affected**

This week's changes affect practically all schedules, but only 174 of the 800 items comprising the Dominion tariff. Ottawa is guessing that the illness of E. B. Ryckman, president of the Dunlop Tire Co. of Canada and Minister of National Revenue, had something to do with the disappointment of the hopeful—which will not be shared by foreign business nor by Canadian critics who say that tariff-induced investments in Canada by outsiders are obtaining a menacing position in the Dominion's economic life.

Two, perhaps 3, motives molded the Premier's specific recommendations. He had to do something drastic about the Dominion's \$75,244,973 deficit for the year. He is still twitching under the lash of Canadian unemployment. Canadians would think it strange if he had forgotten the sting of the Hawley-Smoot tariff and its urge to retaliation.

### **U. S. Hardest Hit**

In any event, the budgetary tariff revision which is provisionally effective June 2, subject to Parliament's approval, embraces increases in the general rates on 110 items applicable to the United States, Germany, and other non-treaty countries; 91 increases in intermediate rates applying to countries having commercial treaties with Canada; and 45 increases in British preferential rates.

Decreases number 52 in British preferential rates, 51 each in the other 2 schedules. The blow falls heaviest on the Dominion's nearest neighbor, affects approximately a \$200-million third of its annual imports from the United States.

### **Brunt of Attack**

Principal American items hit are certain steel lines, automobiles and automobile parts, agricultural products and canned goods, machinery, magazines, furniture and other wood products, coal and coke, oranges.

As unemployment relief, tariff increases fit in with the larger Canadian scheme of speeding up industrialization. Under tariff compulsion, Americans have been contributing to this industrialization. They are now likely to increase their contribution.

Since the Canadian tariff revision of last September, 87 branches of foreign manufacturing companies have been established in the Dominion. Of these 74 were American. Of the total of 1,199 foreign manufacturing branches now doing business in the country, 1,023 are American. Of the \$1,818 millions capital thus employed, \$1,239 millions are American.

### **Bringing in Branches**

How the Premier kept his eye on these acquisitions in preparing his budget speech is revealed in his tariff increases on steel plates. Those up to 60 inches are now brought under the \$7 a ton impost hitherto applying to plates up to 40 inches, and provision is made for a similar rate up to 120 inches when Canada can supply its own requirements. Interpreted, this means that Mr. Bennett is "encouraging" U. S. Steel to build rolling mills for its Ojibway, Ont., subsidiary. Increased duties on wire cloth and netting, reduced duties on raw materials for seamless steel tubes and tubes for auto-

mobile gasoline lines are also intended to bring new manufacturing to Canada.

The foreign automobile manufacturer gets another shove toward a Canadian branch plant, after having been pushed a long way thither by the administration's action of last February fixing the maximum discount from list price allowable for duty purposes (*BW—Feb 11'31*).

### **Costly Cars Barred**

Sparing the lower price grades, the Premier has now increased the general tariff from 27½% to 30% on all cars selling between \$1,200 and \$2,100 and slapped a virtually prohibitive impost of 40% on the more expensive cars. Importation of used cars is prohibited. And automobile manufacturers in Canada who previously took a 25% rebate on imported parts will enjoy that privilege no longer.

Canadian farmers and food purveyors have not been forgotten. In what some in Ottawa are calling "the first agricultural budget in a decade," duties on fresh and canned meats go up 33% to 100%. Freight costs on export wheat are subsidized 5¢ a bushel. Corn, of which 7 million bushels were imported free last year, takes a rate of 25¢, partly to induce substitution of Canadian barley. Hay, seeds, cheese, and other farm products are substantially advanced. For revenue purposes, oranges will be taxed approximately \$1 a crate at the border.

### **"National Fuel Policy"**

Coal also heard from Mr. Bennett, still bent on his "national fuel policy." Anthracite, imports of which amount to \$28 millions a year, comes under a new duty of 40¢ for revenue. On bituminous, the duty is raised from 50¢ to 75¢. Coke gets a new rate of \$1. And there is an increased freight rate subvention on Canadian coal.

Other increases of interest to Americans push duties on a group of machinery imported to the extent of \$24 millions a year from 30% to 35%; on furniture importations of \$5 millions from 30% to 45%. There are apparently minor but highly important increases in rates on products not specifically mentioned but covered by so-called "basket clauses." The general catch-all provision for articles not otherwise

provided for, even under "basket clause" classifications, advances duties from 17½% to 25%.

#### Duty on Magazines

Finally, Mr. Bennett intends that foreign products that get into competition with Canadian ones—by climbing his tariff walls or by establishing Canadian branches—shall, at least, pay tribute to Canadian advertising media in reaching Canadian buyers. Magazines, importations of which amount to at least \$5 millions annually, are assessed 15¢ a pound, which means that a publication the size of the *Saturday Evening Post* will pay a duty of about 20¢ a copy.

If Canadian manufacturers take advantage of their enlarged protection to boost prices, the Premier hopes to bring them back into line by an excise tax equivalent to the duty which protects them.

If other countries are tempted to act in retaliation, the administration has up its sleeve special imposts for their products. Conversely, there will be order-in-council cuts in duties on products from countries which favor Canada with reductions.

#### Other Taxes

Other taxes in the new budget fit into the general purpose of the tariff section. Among new direct taxes is a 2% levy on incomes from foreign investments in Canada, of which those made by Americans amount to \$3½ billions. The tax on fire insurance premiums paid to unlicensed outside companies (many of them American) is advanced from 5% net to 15% gross. The sales tax is increased from 1% to 4% on domestic as well as foreign transactions and postal rates return to 3¢ on first-class matter, go from 1¢ to 1½¢ on second-class (newspapers). Income taxes hit low and high incomes more lightly, middle incomes more heavily.

### Washington of Opinion Canadian Move Unwise

GOVERNMENT officials in Washington, who cannot be quoted, believe that the Canadian government has overstepped the bounds of good judgment in its desperate efforts to promote domestic industry and trade. Nor can they see any reason in a further revision of tariff duties.

They insist that the tariff boost last fall has failed to improve the Dominion's condition. The index of Canada's physical volume of business



SHOOTING THE MAIL—The New York mail is catapulted from the "Bremen" as the North German Lloyd resumes ship-to-shore service

dropped from 164.8 in April, 1930, to 138.7 in April this year.

Since the first tariff revision last fall Canada's import trade has shrunk 30.3%. Imports from the United States have dropped one-third but the decline has been greater in duty-free goods (34.4%) than in dutiable items (32.8%). This curious fact is regarded by some as evidence that the depression in world trade has been of greater potency than the tariff in reducing Canada's imports.

A greater number of reductions than increases in British preferential rates is regarded as significant in view of the adjourned meeting of the Imperial Economic Conference that is scheduled to convene in Ottawa this fall, although Premier Bennett's recent statement has caused some to doubt whether this conference will ever be held.

### Canada Frowns Upon Central Bank Proposal

OTTAWA (*Special Correspondence*)—Proposals for the establishment of a Canadian central bank, backed particularly by farmers as a means of improving their credit facilities, are now being considered by the banking and commerce committee of the Dominion House of Commons. In the opinion of astute political observers, they stand no chance of acceptance.

Premier Bennett is known to represent the prevailing sentiment in his contention that, while the Canadian banking system is not perfect, it serves the credit requirements of the country reasonably, at the same time protecting its depositors.

In the meantime, the farm group is pushing a bill before the Commons to limit interest rates on loans to 7%.

### Canadian Insurance Firms Call Business "Disloyal"

OTTAWA (*Special Correspondence*)—Canadian industrialists and business leaders loudest in praise of the "Canada First" policy, fail to support it themselves.

This is the complaint of Dominion fire insurance underwriters who have protested to the government that over \$1 billion dollars of Canadian fire insurance has been placed with non-Canadian companies in Great Britain and the United States not licensed under the Canada Insurance Act to do business in Canada. A large part of this total goes to New York and Kansas City.

Complainants point out that the unlicensed outside companies have no organizations in Canada and maintain no deposits there for the protection of policyholders; that licensed companies employ 40,000 workers and maintain large deposits.

# Real Estate Boards Sponsor Central Mortgage Banking

**Baltimore plan calls for discounting system that will supplement, not supplant, existing machinery**

DEFINITE action toward establishment of a central residential mortgage banking system is now under way. The United States is about the only first-rank country of the world that does not already have one.

At its Baltimore convention which closed May 29, the National Association of Real Estate Boards set the wheels in motion. Leaders of the realtors came to the convention well prepared. In preceding informal discussions in Washington they had been assured that the administration regards their efforts with sympathetic interest.

## Present Proposals

The convention passed a resolution authorizing presentation to the federal authorities, as a basis for discussion, of "such tentative proposals as may secure the approval of the board of directors of the association." President Harry S. Kissell of Springfield, O., is to name 5 men whose services would be available on any committee or commission "to

which the President of the United States may suggest that the matter be referred."

As a matter of fact, the "tentative proposals" were in writing before the convention assembled. They were distributed in mimeographed form for perusal by the 1,076 realtors present. A motion to approve them was at one time before the convention. It was deemed more discreet, however, merely to endorse the general idea and permit the specific recommendations to be presented later to some duly appointed body having funds adequate to finance a proper investigation preparatory to drafting a bill to be presented to Congress in December.

Prompt action followed. Mr. Kissell and Herbert U. Nelson, secretary, went direct from Baltimore to Washington, where they discussed the plan with Secretary of Commerce Robert P. Lamont and other Administration officials.

The essence of the plan is to provide

a channel through which, without changing the existing machinery of mortgage lending, funds will flow from the world capital market direct to private individuals who want to borrow to buy homes. Those who have been studying the proposition—and there are many more than realtors doing it—agree that it would be unwise to set up a system like that of the Federal Land Banks to make loans direct to individual borrowers. To do this would be to put the government into competition with existing lending agencies. This is considered both unnecessary and inadvisable.

## Banking System

A central mortgage banking system would resemble the Federal Reserve system, both in objective and set-up. The objective is to provide some place where mortgages on individual residences can be sold, or "discounted," either permanently or temporarily, whichever the mortgage-holder desires. This would make mortgages a liquid, instead of a frozen, security as they now are. It would "bail out" small banks, cut down on number of bank failures, help building and loan associations, reduce interest rates on residential loans, stimulate home buying and home building.

## Bank Supervisory

The necessary machinery called for in the realtors' tentative plan, is "a Central Residential Mortgage Bank with regional discount branches, the function of the Central Bank being supervisory." Members of the system would be local mortgage banks chartered under an act of Congress. "Such local banks would be authorized to take subscriptions to their stock from commercial savings banks, trust companies, building and loan associations, mortgage companies and individuals dealing in mortgages under certain uniform regulations laid down in the act of Congress for the operation of such units. These local banks shall in no case deal directly with the borrower. Their function shall be to submit to the regional banks for purchase or rediscount those loans in the hands of stockholding mortgage dealers, meeting its requirements for rediscount."

## Pool Mortgages

Mortgages purchased would be pooled as collateral behind bonds which would be sold to the public, secured both by the property upon which original loans were made and by the capital and surplus of the new mortgage banking system.

Proof that such a system will greatly cut costs of home financing is available. In several countries, less wealthy than



*International News*

**URGE TAX SEGREGATION**—Left to right are Herbert S. Hicks, chief clerk, Illinois Tax Commission; Henry F. Long, Tax Commissioner of Massachusetts; and Mark Graves, New York Tax Commissioner. They called on Hoover, talked of keeping separate federal and state sources of revenue



the United States, such bonds are selling to yield 4% and under. Bonds of the Credit Foncier, the great French central mortgage banking system established in 1854, are currently selling on a 2½% basis, lower than the bonds of the French government. Altogether American investors now hold \$200 millions of foreign central mortgage bonds—lending the money at half the rate we charge at home.

The cost to the home owner need not run more than 1% above the rate on the bonds. Prepayments on principal need not run more than 4% a year. This means that, in 20 or 25 years, a borrower could buy his home 100% by paying out but little more than he now pays for interest alone.

#### Long-Term Prospects

Given a market for mortgages, long-term financing of home building becomes possible. A bank can make a loan for 20 or 25 years with more safety to itself than it can now make a 3- or 5-year loan at a higher rate.

Given a standard system of real estate appraising, which would be essential, plus prepayments on principal beginning with the first year, initial loans of 75% are possible.

Proponents of the plan point out that it would eliminate the 2 most expensive features of the present system: the second mortgage, and the cost of re-financing every few years. They assert that it would tend to make building a stabilizing factor in our national economic life.

## New York Electric Rates Come Close to Utility Models

THE New York State Public Service Commission's announcement of new electric rates, effective at once, for 4 companies serving most of New York City has aroused considerable interest among utility executives. It puts into effect rate-making ideas long held by power interests.

The new uniform rates increase bills of about half the customers, decrease those of the other half; but reductions are so much greater than raises that there will be an estimated annual saving in bills of \$5½ millions.

#### Worked Together

Of unusual interest was the wholly cooperative manner, with no litigation nor prolonged controversy, in which the commission and the affected utilities thrashed out their problems and obtained results based upon the economic facts thus developed. *Electrical World* comments that the success of the cooperative effort "instills a much desired reassurance in the responsiveness of regulatory machinery to the social and economic needs of the moment."

Utility interests are particularly pleased with the commission's flat approval of a service charge to repay the company for the use of its meter, transmission lines, and other items little affected by current consumption. How-

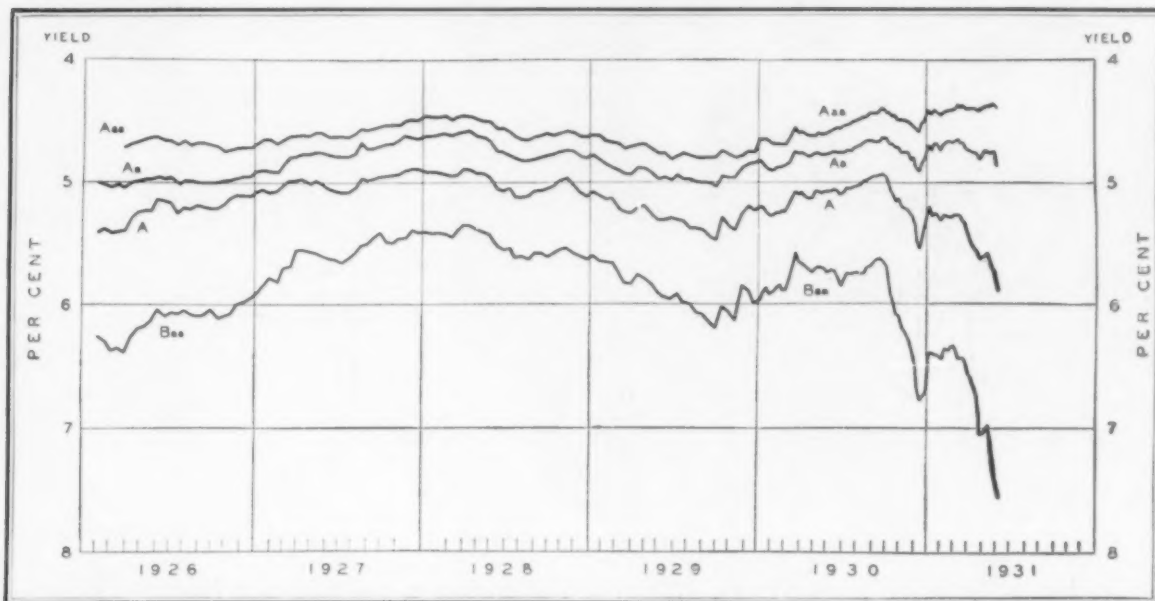
ever, for "psychological" reasons, the commission adopted a minimum charge which includes the use of 10 kw. hr. of current instead of a flat service charge which meets consumer opposition on the grounds that it takes "something for nothing" from him.

#### Real Estate Objections

Chief objections to the new rates have come from real estate interests which quarrel with the commission's denunciation of resale of current. Resale of current purchased on the residential schedule is forbidden in the new program, while the commission has tried to fix the rates in the commercial schedule so as to make resale unprofitable.

For residential consumption the new rates have a minimum charge of \$1 per meter per month which includes an initial quantity of 10 kw. hr. of current per month; then comes a block charge of 6¢ per kw. hr. for the next 5 kw. hr.; and 5¢ for all current in excess of 15 kw. hr.

The commercial schedule sets the same minimum charge; a demand charge of \$1 per meter per month per kw. of maximum demand in excess of 1 kw.; energy charges of 6¢ per kw. hr. for the next 40 kw. hr. over the minimum of 10; 5¢ for the next 4,950; 4¢ for all over 5,000 kw. hr.



BOND PRICES—Charted in reverse, the yields of 120 domestic bonds, classified by Moody's rating, show price movements





Wide World

**SPRING SEEDING**—Dr. W. A. Taylor, chief of the Bureau of Plant Industry, plants his experimental crop of soy beans right in front of the Department of Agriculture building in Washington

## Bare Bins and Shelves Make Raw Material Prices Deceptive

**Total supply is visible, while usual channels of trade are empty—prices may turn jumpy**

COMMODITY price conditions are unusually deceptive.

Commodity market quotations, especially for the staple products and basic raw materials, do not fully reflect the actual supply and demand situation. The general commodity price indexes, which are composed mainly of these products, and are based on spot quotations in the principal markets, are therefore probably abnormally low in view of the actual total position, and their continued decline is not a real indication of underlying business conditions or prospects.

### It Could Happen

A drastic and sudden reversal of the downward trend is not impossible or unlikely.

These conclusions are being forced upon careful observers here and especially abroad. Briefly summarized, the grounds for them are:

(1) Abnormally close attention is now concentrated upon the statistical position of these commodities as reflected in the figures of production, shipments, visible supplies, or stocks in the hands of producers or the first distributors or wholesalers in the principal markets; and on the spot price quotations in these markets.

### Knowing Too Much

This information dominates the buying policy of fabricators and consumers. They see that production restriction measures, almost universally applied, have so far reduced new production at best only to the levels of reduced current consumption; in some cases not that much, so that visible supplies are increasing.

Watching the statistical position of new production and visible supply, consumers are still confident that by deferred buying they can cover their future

requirements at unchanged or lower prices. They have not only abstained from future commitments, but allowed their own reserves to dwindle to practically nothing.

### No Speculation

(2) Commodity speculation for the rise has practically disappeared in every commodity with exchange trading in futures, and speculators have either withdrawn altogether or taken the short side, leaving no compensating bull factor to maintain equilibrium. Moreover, commercial credit to enable consumers or fabricators to accumulate or carry stocks has been scarce because of banking caution. In consequence, markets are abnormally narrow and prices are established by spot quotations based on the statistical position of new production and visible supplies in the hands of producers or first distributors, and on current demand.

(3) The spot markets are unrepresentative because they mirror only an abnormal concentration of primary stocks conspicuously visible in the hands of producers and distributors. They do not reflect the abnormal depletion in factory and trade stocks, which has created an enormous vacuum in all the channels of industry and trade back of the primary producer.

### Commodity Congestion

In other words, world markets are suffering not from an abnormal increase of total supply, but from an abnormal congestion or maldistribution of stocks. These are concentrated in relatively few hands, while the normally invisible stocks do not exist. These invisible stocks are normally much larger than the visible, but nothing definite is known about them except that they are now very much lower than the visible supplies.

(4) Under these conditions the first sign of increase in current consumption is likely to precipitate a movement by industry and trade to cover its requirements, after having allowed its reserves to evaporate. Consumption and covering demands will then run full tilt against the reduced level of production and holders of the excess visible stocks will try to compensate themselves by higher prices for the costs of carrying the burden so long.

### Low Money Helps

Low money rates for short term commercial loans now enforced by Federal Reserve and European central bank policy will stimulate speculation for the rise and encourage consumers to accumulate supplies somewhat in excess of future requirements, and these may



International News

**THREE RECORD BREAKERS**—Left to right, the Packard Diesel engine, Walter Lees and Frederic Brossy, the pilots who drove it through Florida skies for 84 hours and 33 minutes—the world's non-refueling record

be subsequently unloaded again in part. The first effect of such a situation will probably be a sharp rise of prices to levels unjustified by current consumption demand, with subsequent reactions. Speculation on the short side will still be active. The result is likely to be a period of marked irregularity and wide fluctuations.

Copper, zinc, tin, lead are outstanding instances of commodities whose spot prices are unduly depressed by abnormal accumulation of visible supplies in the hands of primary producers, and absence of information regarding invisible supplies in the hands of fabricators and consumers.

Cotton is another, complicated by crop uncertainties.

Wheat has maintained a surprising stability in face of large visible supplies and good crop prospects in this country, because of growing realization of depleted invisible European stocks.

#### Coal Stocks Low

Coal is one commodity, the price of which closely reflects current demand because it is produced mainly as required and the visible stocks in consumers' hands are abnormally low.

Hides have presented a striking instance of active speculation and market irregularity because they are a by-product of slaughter, the supply is mostly invisible, and current demand has

risen sharply by reason of increased shoe production, reflecting depletion of stocks on the feet of final consumers.

#### Billboard Law May Aid, Not Retard, the Industry

THE state of Maryland this week put into effect a law imposing the most stringent regulations on outdoor advertising ever enacted. Similar laws are being formulated in 21 other states.

But what appears as a blow to the \$75-million outdoor advertising industry may prove a blessing in disguise. The Maryland law, for instance, eliminates "snipe" signs, scattered indiscriminately over the country and bringing the property owner no compensation. Reducing the number of these signs would tend to emphasize those left, make advertisers willing to pay more for them.

The outdoor advertising industry already is confronted with some form of regulation in every state except Wyoming. In most cases, these regulations are purely nominal and do not tend to suppress the industry.

Regarded by anti-billboard factions as a model law, the Maryland regulation provides: That every individual sign shall be taxed at the rate of  $\frac{1}{2}$ ¢ a square foot a year; that all companies

maintaining more than 50 signs in the state must pay a license fee of \$200 annually; and that the State Highway Commission shall have the right to remove from locations within 50 feet of highways all signs that endanger the traveling public. Furthermore, advertisers are made responsible for illegally placed signs devoted to the merits of their products or services. This applies to signs placed on property without the owner's consent—snipe signs in advertising vernacular.

#### Euclid Rounds Out The Shopping Circle

CLEVELAND's still famous Euclid Avenue, which surveyors named for the geometer who showed them how to point it eastward, now has a corporate consciousness modeled on the Fifth Avenue Association of New York.

Euclid Avenue Fine Shops & Theaters, Inc., has been formed to preserve the present character of 12 blocks and tributary streets. The association will look after the grouping of occupancies in logical relationship, architectural treatment of exteriors, maintenance of store services, and public and private transportation, including the provision of enough parking space conveniently situated.

The threatened intrusion of cheap instalment houses and honky-tonk "tax payers" and the approaching competition of the new Van Sweringen air-right shopping area on the other side of the financial district are chief reasons for the organization effort. It has the endorsement of the Euclid Avenue Association, in which department store and landlord influence is strongest.

After a thorough survey has been made of the district, the membership will endeavor to round it out by bringing in such specialty shops as will offer to customers substantially the same proximate grouping of merchandise they find in a department store.

#### Distribution Census Planned for Canada

THE Hon. H. H. Stevens, Canadian Minister of Trade and Commerce, announces that, according to public demand, the Dominion will take a census of commodity distribution.

The Dominion Bureau of Statistics will be in charge. Enumerators taking the 1931 census of population are also to take a record of all wholesale and

retail establishments. Then questionnaires will be sent to each, requiring detailed information and figures on sales by commodities, terms of sales—whether cash, credit, or instalment—wages paid, inventories, turnover, costs, etc.

American business men and statisticians hope that classifications, terminology, etc., of this Canadian census will follow closely the general setup of the U. S. census of distribution so as to facilitate comparisons of final results.

## Mail Order Summer Sales Feature Pre-War Prices

FURTHER substantial price reductions, special inducements, bigger values, surprising innovations, are part of the ammunition used in the 3-cornered attack upon the consumer dollar that mail order houses are now launching through the mailing of a combined total of 28 million copies of their midsummer catalogues.

Each company stresses the fact that the book is larger, covers a much wider variety of merchandise, includes lines not previously reduced, and emphasizes that prices quoted hold good only until Aug. 31, 1931.

### Prices Reflect Drop

Sears, Roebuck & Co. claims that its 200-page issue mailed to 12 million customers fully reflects the drop in raw materials, has many prices as low as and lower than 1913 on equal grade, cover merchandise much improved in quality and workmanship.

Compared to 1930 midsummer prices present reductions average 15.4% on cotton goods, 12.6% on wool blankets, 20% on silk, 13.5% on tires (bought in pairs), 7.7% on electrical appliances, and on all lines prices average 11.4% lower. Specific comparison shows the effect of the slashing. Bleached and hemmed sheets are down 6¢ to 89¢, work shirts down 13¢ to 83¢, men's suits reduced from \$12.75 to \$10.95, bicycle tires cut almost 50% to \$1.95, electric 8-inch fans from \$7.50 down to \$3.50, vacuum cleaner from \$46.75 down to \$29.50.

### Tires Featured

Indicating the importance attached to tire sales, tire price lists are moved from the rear pages to the front part of book. Increasing popularity of road-side selling is recognized and the book features "Farmarket" stands for roadway marketing, ready-made signs to attract motorists, boxes, baskets, fancy containers, to aid farmers in merchandising their products.

Montgomery Ward & Co. is mailing 9 million Midsummer Sale Books, the largest issue ever published, showing

price reductions averaging 15%, but ranging much higher on several lines.

Where comparison of material and style is possible present quotations are actually lower than those of 1911. George B. Everitt, president of Ward's, states that in many instances exceptionally low prices were obtained because "manufacturers have been badly in need of cash, were ready to make almost any sacrifice to get cash."

Further to stimulate buying during the midsummer sale, Ward has cut down payments on budget-plan orders to one-half, so that a deposit of but \$2.50 is sufficient on orders up to \$100.

Following the lead of Sears, Roebuck & Co. (BW—Mar 25 '31), Montgomery Ward & Co. enters the insurance field. No owned subsidiary is announced but

for \$1 a so-called \$5,000 accident policy in the Federal Life Insurance Co. (Chicago) may be purchased, under which payments ranging from \$100 to \$5,000 are promised, depending upon the nature of injury and circumstances.

Ward also adopts the method originated by one of the large national drug store chains, features a so-called "1¢ sale" on numerous drug store items.

National Bellas Hess Co. is mailing a 154-page "Price Cut Sale" book to 7 million customers. On comparable items prices are reported 15% to 20% lower than 1930, and 5% to 10% under regular prices quoted in the current large catalogue.

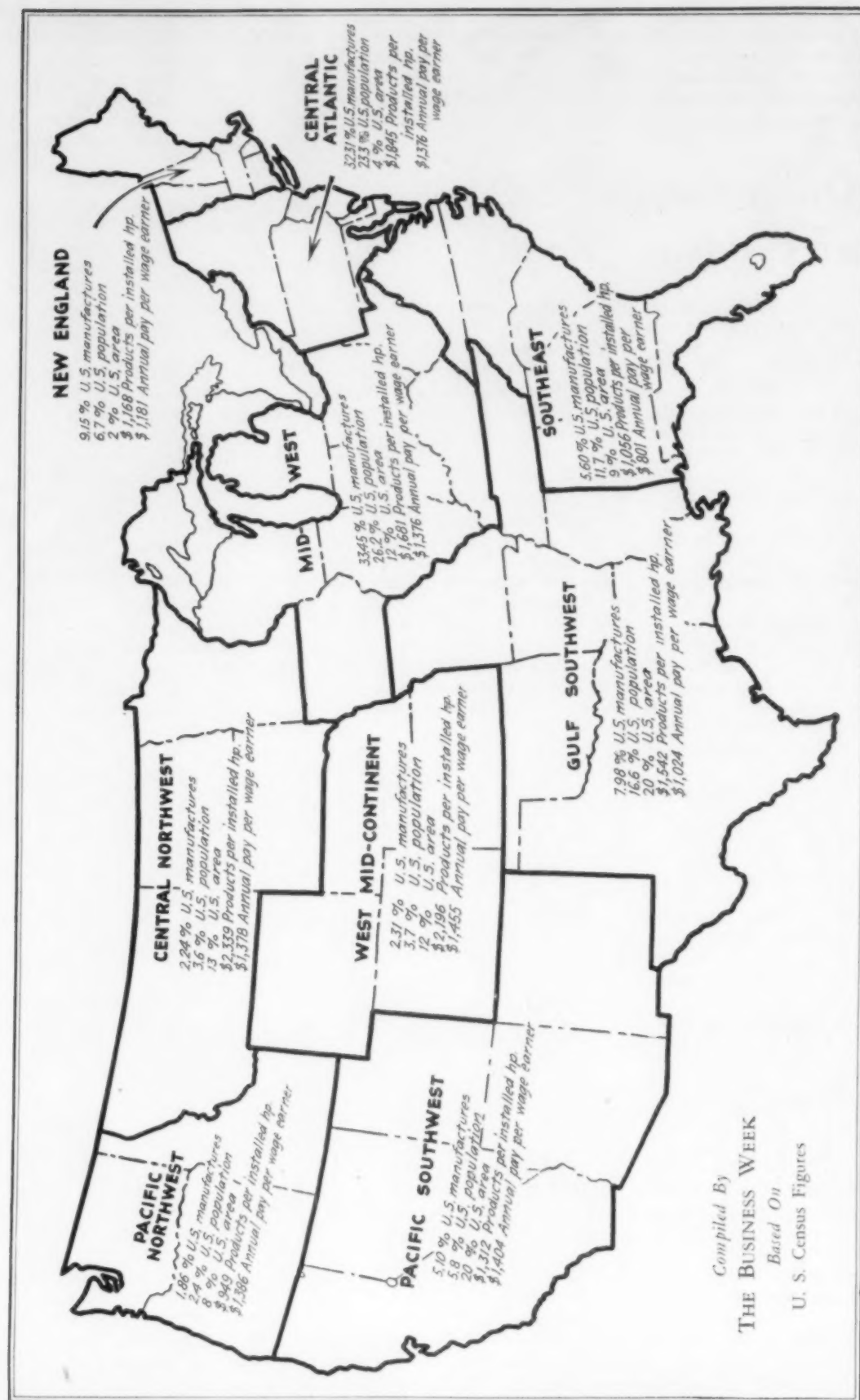
Lines and assortments have been expanded to improve further the company's mail order sales, which during 1931 have run consistently ahead of 1930. Orders increased over 30%, 350,000 new customers were added.

## 2,500 New Sears, Roebuck Homes to Employ 80,000

THE home construction division of Sears, Roebuck & Co. expects to build 2,500 new homes and employ over 80,000 building trades workers during 1931, according to Harvey L. Harris, general manager of the division. The



JUST IN CASE—A "spare tire" for the Canadian Pacific's new "Empress of Britain" is rolled into Harland & Wolf's Southampton repair yard. This 67-ton main engine gear may never be used, but if it's needed, it's ready to go into the ship in a hurry



A REGIONAL SURVEY OF PRODUCTION—Business boundaries do not stop at state lines; business men are coming to see the value of an economic rather than a political division of the country, especially for sales planning. For climate, natural resources, transportation and traditions are the real boundaries of business . . . . THE BUSINESS WEEK has segregated for the nine economic regions the factors which show the relative importance of these areas in the field of production. When the Census of Distribution is completed, a similar map will be prepared for the further aid of national planning on the basis of economic states



1930 construction program, following the inauguration of the 15-year installment mortgage financing plan and supervised construction, used 6 million

man-hours of labor. Operations for the first 4 months of 1931 indicate that this record will be equalled during 1931, may even be bettered.

## Census of Manufactures Provides A Measuring Stick for Business

THE summary of the Biennial Census of Manufactures, taken in 1930, covering the year 1929, and just made public by the Bureau of the Census, forms an excellent record of the country's producing capacity. Covering a year when most industries were operating under peak load, the figures will probably serve as the 100% from which future performance will be measured. However, in the absence of tonnage figures, adjustments for changes in prices of the commodities covered would naturally be required to make practical comparisons possible.

### Facing Price Rise

That price inflation aided materially in building up the \$70-billion value of all 1929 products is indicated by the fact that this total is 11.8% higher than 1927, but only 13% above 1919. Furthermore, the item of "value added by manufacture," representing but 39.98% in 1919, rose to 45.40% in 1929.

Over half of the country's products were manufactured in only 6 states, New York, Pennsylvania, Ohio, Illinois, Michigan, and New Jersey. Michigan leads all other states in average output per establishment—\$693,754. It also leads all industrial states in average annual pay to wage earners—\$1,586. California paid the highest average salary—\$2,980.

### Regional Comparisons

Interesting comparisons are possible when the records of various states are grouped according to economic areas (*BLW*—Jan 8 '30). The Mid-West area led in industrial importance in 1929, its 8 states producing 33.45% of all our goods. The 6 Central Atlantic states came next with 32.31%. Smallest percentage of national manufactured output was that of the Pacific Northwest area (Idaho, Oregon, and Washington) 1.86%. The Mid-Continent region topped the list in average annual pay to wage-earners—\$1,455, while the 6 Southeastern states average lowest—\$801.

Comparisons of 1929 with 1927 figures show some slight shifting in the

regional contribution to national production—some of the changes explained by the migration of certain industries to the South, some by the growing trend toward industrial decentralization.

New England's share of the country's

total production in 1929 was 0.85% lower than in 1927, that of the Southeastern section 0.60% higher, that of the Mid-Western states, 0.45% higher. The Central Atlantic states' 1929 share dropped 0.69% from the 1927 showing while those of the Mid-Continent, the Pacific Southwest and the Central Northwest showed gains of 0.31%, 0.10% and 0.24% respectively.

The value of products per installed horsepower shows substantial variations, drops from \$1,845 in the Central Atlantic states to \$1,681 in the Mid-Western group, to \$1,168 in New England, to \$1,056 in the Southeastern states, and is lowest at \$949 in the Pacific Northwest.

## Household Appliance Sales Hit By Subordination Demands

**Manufacturers say attitude of mortgage lenders threatens whole field of instalment selling**

MANUFACTURERS of such building accessories as elevators, heaters, refrigerators, oil burners are seriously disturbed by developments that have followed the amendment of New York state's personal property laws, effective last Jan. 1. So are finance concerns, title and mortgage companies, and builders. So are all those interested in the future of instalment selling.

Previous to the amendment, instalment sales of such equipment could be covered by conditional bills of sale filed in the county clerk's office but not liens of record against the real property. When owners of that property defaulted on instalment payment, the equipment could be repossessed without argument.

This situation had its disadvantages. Too frequently, building owners were inspired to default on their instalments by a decision to replace worn or obsolete equipment by new. The original seller was left with an unpaid balance, the cost of removing his products in effecting repossession, and the expense of scrapping or reconditioning them for sale to customers who ought to be prospects for new equipment—all without compensation.

### A Legal Remedy

To protect the seller in repossession cases—less than 5% of total sales—the amendment provided that a conditional bill of sale, containing a description of the real property where equipment was

installed and the name of its owner, recorded in the proper office of record, should establish a lien against the property.

Today, this does not sound so good as it did. Some, not all, mortgage and title companies have risen to the occasion to maintain that equipment installations are part of the real estate and, as such, are covered by their mortgages. And where mortgages cannot show a clean bill of health for all equipment purchased on instalment, they demand subordination of the seller's rights, leaving him practically without security. For justification, they emphasize their claim that this is real property, cite sad experience and urge the need, especially in a time of unsettled realty values, of obtaining all possible collateral on their loans.

### Balk at Risk

Under these conditions, experienced manufacturers and selling agents of well-established lines of such building equipment are frequently declining to take the risk of instalment sales and orders are sometimes going to little known but more complaisant competitors. These manufacturers complain that the financing institutions show little concern as to the relative value or permanency of the equipment installed so long as it is subordinated to their interests.

If established manufacturers do take

the new risk, they say, selling prices must be substantially increased to provide a reserve for losses, and larger down-payments must be demanded in instalment sales. Sellers of refrigerators are requiring 20% down on installations in new buildings, against 10% down when already occupied. Some conservative concerns will not take subordination on less than 50% down.

The rub comes in the fact that a large share of the sales of such equipment are for installations in new buildings and in the further fact that manufacturers of equipment involved in this type of selling feel that large volume production and sales are essential if present price schedules are not to be boosted.

#### Utilities Less Worried

Competition of utility companies selling refrigerators and some other types of appliances complicates the situation. With the psychological advantage of seeming preferred creditors to the buyer, who thinks his gas or electric supply can be shut off if he falls down on an instalment, they are more willing to subordinate.

Legally the situation revolves around the question of what constitutes personal property. Under the common law, anything attached to realty that cannot be removed without injury loses its character as personal property.

Elevator manufacturers have removed the cars, cable, weights, when an owner defaulted. Under the same conditions, oil burner companies have removed the actual equipment from within the building, but not the oil tank, piping, and valves buried under the ground. Refrigerators with attached operating units are easily repossessed. Those functioning through a central plant cannot be removed so readily.

#### Precedents Cited

Texas courts have held that Frigidaires in an apartment retain their character as personalty—remain chattels—and that the conditional vendor can remove them "as against a prior mortgage of the building since they did not impair the security." With slight variations New York state and Florida courts have held likewise.

An important decision of the Supreme Judicial Court, Suffolk County, Mass. (Mar. 3, 1931), reversing another court, held that 2 compressor units and 54 refrigerators in an apartment were not real estate but personal property, title to which remained in the seller until full payment of purchase price, "except the piping, which runs through the walls and partitions."

So manufacturers and selling agents of the equipment involved maintain that the title and mortgage companies are obstructing their business by methods that cannot be justified and will not be sustained in a court of law and that such interference is particularly deplorable at this time.

### A Chain Puts Its Links Under the Microscope

DETERMINED to meet certain types of anti-chain agitation with facts, Safeway Stores, operating 2,691 food stores in 862 communities located in 21 states, has just announced some interesting figures, the results of a special survey.

Out of Safeway's 21,533 employees, 15,430 are qualified voters; 30% own their own homes, 51% a radio, 64% have an automobile. And 64% pay taxes averaging \$43.36 each.

In 88% of the communities where Safeway operates, employees belong to the chamber of commerce, pay \$36,000 in dues.

Of the total number of employees, 30% are natives of the state in which they are employed, while 40% have lived in the same state for more than 15 years. Present store managers have averaged 3½ years continuous employment with the company.

### New Steel Product Enters Field of Ceramic Tile

STEEL sheets find a new market and ceramic tile a new competitor in the application of a heavy porcelain enamel to light pressed material. The product has been taking the place of ceramic tile in a number of places where weight is a consideration, as on shipboard, or where economy is important, as in hotels and other construction.

The Porcelain Tile Co., owner of the patent, has been having the product manufactured in several places the last 2 or 3 years. Recently it let a large contract to the Youngstown Pressed Steel Co. of Warren, O. The Ferro Enameling Co. of Cleveland, which handled the contract, is installing the enameling equipment at Warren and supplying the materials. The continuous process of enameling developed by Ferro at its Louisville, Ky., plant is being employed on the new product.

Steel sheet is stamped in the form of a tile, a rectangle with turned-up edges. The stamping is pickled and placed on a conveyor which carries it through the spray enameling machine. After baking, the tile is cooled and given a second coating of enamel. The steel tiles are mounted on wallboard, the edges fitted to grooves cut in the board, and cemented with waterproof cement.



MADE IN GERMANY—The first Ford ready to come off the production line of the Cologne factory which began operations last month



HOW MUCH IS A QUART OF OIL?—Left to right are F. S. Holbrook of the Bureau of Standards, Joseph G. Rogers of New Jersey, William Payne of New York, and I. L. Miller of Indiana, members of a committee of the National Conference of Weights and Measures. They seek to standardize the bottles used at filling stations to dispense oil

## Standard of N. J. Leads Drive For Wider Use of Oil Products

**Diversification and research open new markets as old ones languish; by-products add impetus to sales**

WHILE crepe hangers gaze speculatively at door knobs, executives of ailing oil companies wonder about the possibilities of diversification and research. Crude is overproduced; gasoline, fuels, lubricants are underconsumed. But—mankind still shaves its lengthened face and employs emollients to assuage razor nicks. And persons with waning hair pay fancy prices for unguents to restore the same. These and numberless other saleables may be drawn from that dark and vastly complex commodity known as crude petroleum.

### Still Out in Front

When it raises its eyes to look forward, the industry discovers with no surprise that many advanced posts already are occupied by the Standard Oil Co. of New Jersey. This, the old mother of the Standard group, retains by some high magic all the aggressive vigor and flexibility of youth. While strengthening its international position by silk-hatted statesmanship, the corporation can unbend and illumine its Flit ads with hilarious insects drawn, appar-

ently, by some research scientist gone hay-wire.

Next to Sir Henri Deterding's pushing (not to say shoving) Royal Dutch-Shell group, Standard of N. J. is the world's greatest oil company. Its assets remain comfortably above a billion after the depression has done its worst. Net profits last year were \$42,150,662, and sixty-two cents.

### The Teagle Touch

The company reflects the vast, calm personality of Walter Clark Teagle, its president. Under the pilotage of this 53-year old, Cleveland-born leader New Jersey Standard has moved with soft steps, in a straight line. The oil industry is given to brawls and tumult—habits that go all the way back to the hairy roughnecks who bring in the gushers. Through the rows and bickering Standard of New Jersey retains a seemly taciturnity.

It has watched with silent interest the many battles between its sister, Standard of New York, and the wily Deterding. Royal Dutch is interested,

as is Standard of New Jersey, in the I. G. Farbenindustrie of Germany, owner of the valuable hydrogenation process. Hydro Patents—wholly owned subsidiary of the New Jersey Standard and the German company, and sole owner of the U. S. rights—threw open the use of the process to competing refiners.

### Hydrogenation Assets

By this discovery pure hydrogen is introduced into low grade crudes, a catalyst brings the two strangers together under tremendous heat and pressure, the result being an oil of the highest grade. By it refined oils are produced from crude petroleum, shale oil, liquefied coal, coal tars. It will enable refiners to use low grades in producing lubricating oils hitherto taken from the slackening Pennsylvania wells. Hydrogenation makes possible the recovery of 100% of gasoline from crudes.

While these valuable patents are available to competitors, it is evident that New Jersey Standard has the jump on others in their actual use. Mr. Teagle's annual report, dated May 15, discloses that the company's hydrogenation plant at Bayway, N. J., went into production last year, that the Baton Rouge, La., plant soon will be functioning, that a third plant at Baytown, Tex., will be finished by the first of next year.

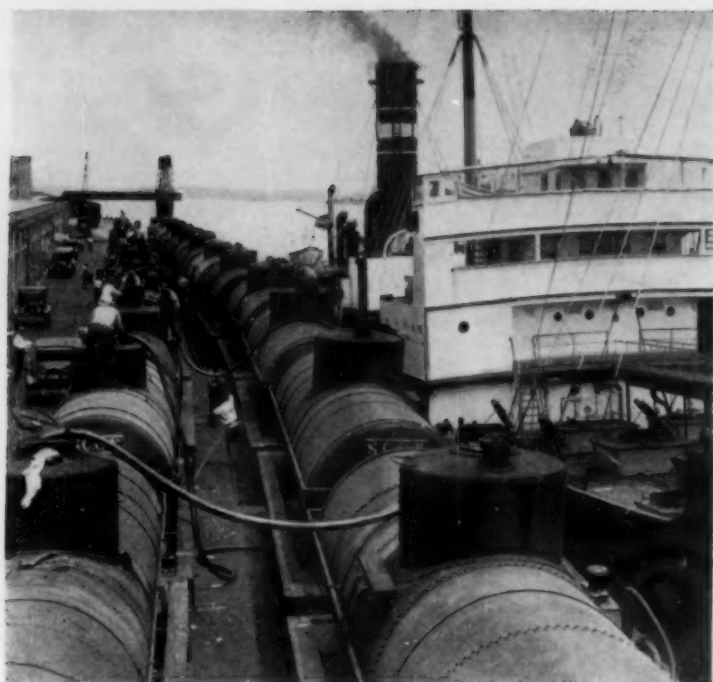
### Preserves Tradition

The above document discloses that present management has preserved the tradition that kept the New Jersey company ahead of all others in the field of chemical exploration. During 1930 the corporation filed 163 U. S. patent applications and 190 foreign applications on new products, processes, and apparatus. Industrial scientists begin to wonder if the greatest potentialities of chemical production do not lie with the oil companies. Apparently Standard of N. J. has set out to prove it. Says Mr. Teagle: "While gasoline, lubricating oils, asphalts, kerosenes, gas and fuel oils, etc., will continue to be the major products, related lines of merchandise specialties and other products from crude oil and natural gas should, through research activities, assume increasing importance. Such correlated diversification should promote stabilization and growth of the company's business."

### Laboratory Active

That and "nothing else but" is the duty of a subsidiary, the Standard Oil Development Co. Its laboratory at Elizabeth, N. J., keeps some 600 persons busy in research to improve and diversify products and apparatus. Subsidiary producing companies such as





*The Business Week*

**TANKER TO TANK CAR**—Unloading the first cargo of sunflower oil to enter New Orleans. Refined in Russia, it was shipped from Holland in a German motor ship, will be used in American foods and soaps

Humble and Louisiana Standard have research laboratories of their own. By the existing set-up it is these research stations, and not the satraps of New Jersey Standard, which control the activities of the central laboratory.

It is to the Elizabeth plant that the researchers turn if their equipment or ingenuity fails to corner a problem. There is a busy inter-laboratory traffic in suggestion and advice. Since the New Jersey company is the recognized leader in research, outsiders with half-baked hunches or inventors with promising processes gravitate here to cash in their ideas. The affiliated laboratories are active patrons of the scientific schools. Embarrassingly so at times. One company caused a near-crisis at Boston Tech by drafting two faculty members and practically all graduate assistants from a certain department.

#### **Prospects Unlimited**

What's ahead in petroleum research?

An official of the Development Co. laid aside his conservatism long enough to predict: "Chemical discoveries ought to uncover for petroleum a wider diversification of products than is the case with coal."

There are challenging difficulties. Coal tars split definitely and concisely into certain products. The components

of crude petroleum run together, are fuzzy at the boundaries, come apart with the greatest reluctance. Already the industry has performed transmutations amazing to the layman.

In the opinion of R. T. Goodwin, Ph.D., "The direct oxidation of a hydrocarbon mixture such as paraffin wax or a petroleum distillate, by means of air, gives promising results and is a potential means of producing synthetic fats as a source of human energy."

#### **Food From Oil Wells?**

Which being translated means, that some day we may be getting foods from our oil wells.

Petroleum by-products of immense possibilities are the alcohols synthesized from the still gases. They are used as solvents which reach the consumer in paints, lacquers, rubber products, etc. Also as rust removers and metal cleaners.

White oils ("mineral oils") are penetrating all manner of products. Bootleggers have discovered that one form is effective in the removal of denaturants from denatured grain alcohol—a use refiners can't prevent. Spread on slabs used by bakers and candy makers, they prevent the sticking of the mixtures, have no effect on the product since they are tasteless. Fruits and eggs

coated with this oil resist decay. The waxes have a wide range of uses, all the way from the ancient one of candles to the strictly modern one as a filler for chewing-gum. Petroleum products make printing inks, weed killers, anti-freeze solutions, dyes, cleaners, wood preservers, fertilizers, metal cutting and fuel gases, turpentine substitutes, paints.

In the old days, ballyhoo artists toured the country selling bottles of crude petroleum under brazen guarantees that they would cure any human ailment. Science has since studied the medicinal uses of the refined products and found them to be legion. Standard of New Jersey developed the benevolent Nujol when the war put an end to importations of similar products from abroad. This and its other specialties, the New Jersey company markets through its Stanco subsidiary.

#### **Three Leaders**

The three leaders are Flit, Nujol, and Mistol—the latter a nasal spray. Flit has overtaken Nujol in unit sales. Stanco, with the aid of the McCann-Erickson advertising agency, develops and tries out new products and new merchandising ideas. This summer will see an attractively packed 20¢ Flit carton. The 10¢ gun screws directly onto the 10¢ can. The combination will be broadcast through the five-and-ten-cent stores.

A recent candidate is an insect repellent—a white, odorless cream in a tube. Mosquitoes and similar pests detest it. Can't stand the taste.

#### **For the Ladies**

Standard's contribution to feminine comeliness is through a separate, entirely-owned company. V. C. Daggett, who ran a drug store opposite the old Waldorf-Astoria, in New York, discovered the answer to face creams that turned rancid. He used mineral oils and bought them from the New Jersey Standard. Daggett & Ramsdell became the leading cream in this field. Two years ago the oil company bought Daggett & Ramsdell. The originator of the cream is still on the board. His son is sales manager.

Tourists pausing for gasoline encounter other Standard products at roadside filling stations and garages. There are 15,000 of these with display space in Pennsylvania and New Jersey. Here, ready and waiting, are outlets of tremendous promise for everything needed by the motorist and his family. With the tie-up already there, the sales wizards of New Jersey Standard are looking deeply into its future possibilities.



# Where your sales are Coming from

## QUESTIONS AND ANSWERS

### What is a "shopping center"?

For the purposes of "Population and its Distribution," a town with three or more department stores with a rating of more than \$200,000 each, has been designated a "shopping center"—except where a town of this type is obviously subordinate to a larger city near-by, in which case the smaller town is designated a "sub-center."

### What is a "shopping area"?

In general, the territory within which one of these "shopping centers" is more accessible than any other "shopping center."

Into how many "shopping areas" is the country divided?

681.

Do more people live in the five cities above 1,000,000 in population or in the 1,332 towns between 2,500 and 5,000 in population?

15,064,555 people—12.3% of the total population—live in the cities of more than a million. 4,717,500 people—3.8% of the population—live in towns from 2,500 to 5,000 in size.

How many shopping areas is it necessary to cover to reach one quarter of the country's population?

13 areas have a population of 34,382,379—or 28% of the total.

How many shopping areas must be added to reach the second quarter of the population?

68. They contain 26.9% of the total.

How many must be added to reach the third quarter?

162—containing 22.4% of the total.

How many areas must be covered to reach the fourth quarter?

438 areas, tributary to centers of less than 25,000, contain 22.7% of the total population.

What important shopping area ranks highest in individual income tax returns in proportion to population?

The San Francisco area, where one person out of 13 makes a return. In the New York City area, one person out of 14 makes a return. In the Chicago area, one person out of 15.

How many families—individual income tax returns—farms—home telephones—residential lighting customers—automobiles costing under \$1000—and automobiles costing over \$1000—in each State? . . . How many people—individual income tax returns—automobiles costing under \$1000—and automobiles costing over \$1000—in each County in the United States?

The answers to these and many other significant questions are at your fingertips in "Population and its Distribution."

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# Whole Nation Turns Out For King Cotton's Levee

ENTHUSIASTIC countrywide cooperation by manufacturers, wholesalers, retailers, in promoting National Cotton Week (June 1 to 6) has resulted in greatly increased public interest in cotton goods, brought gratifying increases in sales.

The magnitude of the effort may be measured by the fact that, according to *Textile World*, about 12,000 retail establishments, over 100 wholesalers, 21 national trade associations, and 18 chain and mail order houses helped in this big "push" to make the nation cotton-conscious.

## Advertising Tie-Up

As sponsor of National Cotton Week the Cotton Textile Institute sent out over 400,000 posters and other items of advertising material. In New York, cotton textile merchants spread a Cotton Week banner clear across Broadway. Chattanooga had a fashion review. Georgia manufacturers offered \$1,000 in cash prizes for retailers' window displays. North and South Carolina retailers capitalized Cotton Week by a concurrent sales campaign featuring goods "Made in Carolinas." In New England, stores featured cotton goods, cotton trousseaux, fashion exhibits.

Several Southern cities staged special cotton festivals during or immediately preceding Cotton Week. Gastonia, N. C., established a special "Wear Cotton" headquarters.

New York City newspapers showed in a single day's issues nearly 300 items of cotton goods advertised by various department stores. A special radio program was broadcast over a national network of 60 stations to focus public attention upon Cotton Week.

## Department Store Support

Department stores everywhere are featuring cotton goods. They have found great sales-building capacity in the increased variety of attractive patterns and new weaves that have served to make cotton dresses fashionable for all occasions.

Commenting on the significance of National Cotton Week, George A. Sloan, president of the Cotton Textile Institute, stated: "Leaders in the cotton industry hope that this effort to stimulate trade will result in a noticeable improvement in general business and increased confidence on the part of the public in the soundness of present retail values. As far as this industry is con-

cerned, current prices of raw cotton are 30% lower than the three-year average period before the World War. These prices are amply reflected in retail prices of cotton goods. One of the principal purposes behind the whole effort is to demonstrate as effectively as possible the unusual values now obtainable in all kinds of cotton products and the extraordinary advantage to the public in buying cotton goods at this time.

"The sponsors of National Cotton Week have not based their efforts on a sentimental appeal. On the contrary, they have sought to mobilize the resources of the cotton industry and present this opportunity entirely on its intrinsic business merits."

## 20 Yarn Mills Merge To Save in 3 Ways

AN important step in the cotton textile industry's stabilization program was taken last week when stockholders approved the formation of Textiles, Inc., a \$17½-million combination of 20 combed sales yarn mills of Gastonia

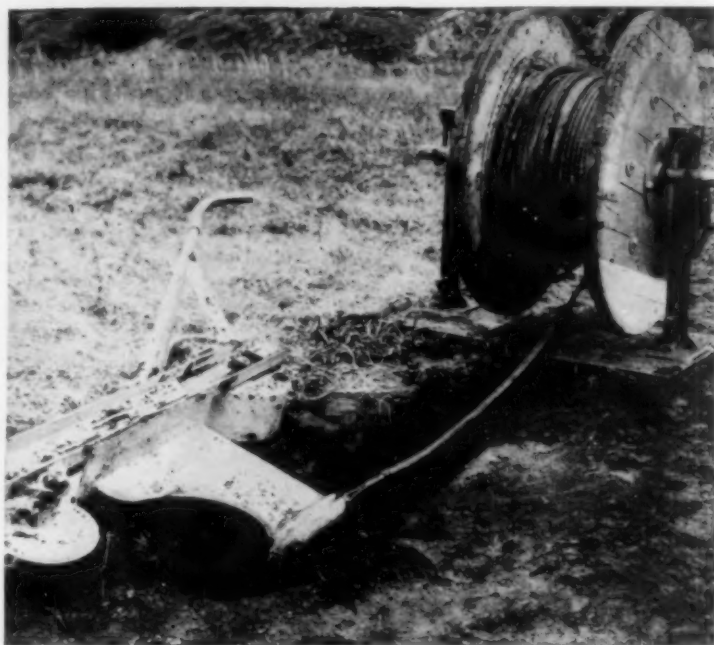
County, N. C. The combine will have over 300,000 spindles, 22% of the total combed yarn spindles in the South, exclusive of those owned by cotton mercerizers.

The new concern probably will add mercerizing and other yarn finishing plants so that its output of combed sales yarns can be merchandised in the finished state. Meanwhile, great economies are expected from consolidated selling, purchasing, and the specialization of plants on particular yarn numbers.

## Where the Yarn Goes

Of the 2,708,000 combed sales yarn spindles in the country 998,000 are in the North and their product finds its way, chiefly, into the weaving and underwear knitting trades. From 75% to 80% of the 2-ply, combed sales yarns produced from the 1,710,000 spindles of the South goes to mercerizing plants. For several reasons, the last few years have been lean for combed sales yarn spinners without established connections with yarn finishers.

Several leading mercerizers have either built or acquired their own spinning mills and fill their own gray yarn requirements. Recent style changes have decreased consumption of mercerized yarns in hosiery and knit goods; for example, short skirts eliminated the long mercerized cotton tops of full fashioned



*International News*  
CABLE-PLOW—With this simple device, developed by General Electric, lighting cable for parkways may be installed without digging. The sharp share cuts through the sod, the bullet-shaped foot makes way for the cable. The narrow slot on the surface is closed by the roller at the rear

hosiery. Last year, exports to South America, which had become of substantial volume, were drastically reduced. Net result was that last year sales yarn spindles in Gastonia County operated at 52% capacity.

Mills involved in the merger include Arkray, Arlington, and Gray of the Gray-Separk group; Mutual, Seminole, Victory, and Winget of the Armstrong-Winget group; Myers, Cora, Elizabeth, and Merco of the A. G. Myers group; and Priscilla and Osceola. Stockholders of the merged companies authorized their directors to purchase control of 6 other mills—Flint, Lockmore, Helen, Wymojo, Dilling, and Ridge; there are reports that still more mills are being considered.

The nearest rival in size to Textiles, Inc. is the Lineberger-Stowe group of mills with 276,000 spindles; the Cannon group boasts 117,000.

### Coffee Roasters Call It Under-Consumption

PLANS for a nation-wide coffee drive are under way.

Our present per capita consumption of this beverage amounts to about 12½ lbs. a year. Ten years ago it was 11 lbs.; 100 years ago it was only 2 lbs. But coffee men tell us that we do not drink enough. On the basis of actual consumption figures, they say, there are only 1½ cups a day for every grown-up over 16.

The National Coffee Roasters' Association has decided to raise a fund of \$1,000,000 for advertising, to solicit the cooperation of Latin American coffee interests, to improve merchandising.

At the same time, it has been decided to overhaul completely the Coffee Roasters' Association. The most radical change in the new set-up is that chain stores, which were formerly excluded from the association despite the fact that they account for 25%-30% of the 1½ billion lbs. of coffee sold annually in this country, will now be invited to become members. Allied industries, including the can companies, will also be invited to join, and, in order to enable the smallest coffee roasters to belong to the association, the membership fee has been reduced and the assessment put on the basis of the volume of business.

Success of the American campaign in increasing consumption would, of course, bring some relief to the problem of coffee overproduction, which Brazil has not been able to solve.

# "IT'S A CINCH to machine Carpenter Stainless No. 5"

**T**HAT'S the story we get from the maker of these washing machine shafts. "Machines as easily as cold rolled steel," he says.

When we first perfected Carpenter Stainless No. 5 and boldly came forward with the statement that it could be machined, ground, or polished as readily as ordinary screw stock, there was much skepticism . . . many "show-me-trials." And these trials brought amazing results. One after another, manufacturers told us that No. 5 went through the machining and grinding operations without loss of speed or change of set-up.

And today, after nearly three years of leadership, Carpenter No. 5 still carries the field on performance. It has enabled scores of manufacturers to adopt stainless with all its manifest sales advantages, and to do this at a minimum increase in cost.

If there is any information you would like regarding the use of the right stainless steel to improve the salability of your product, write us. We gladly furnish data and samples without obligation.

THE CARPENTER STEEL  
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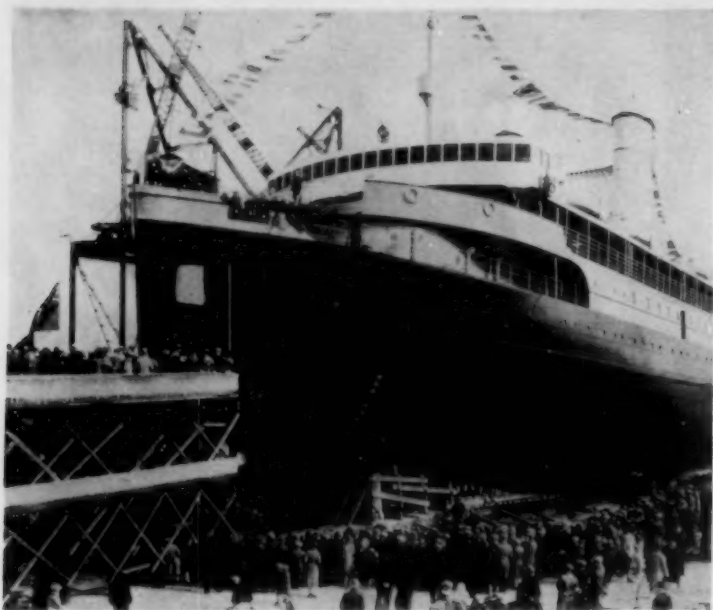
Tool and Alloy Steels  
Exclusively

Washing  
Machine  
parts made  
from Car-  
penter Stain-  
less Steel No. 5.

**Carpenter**  
STAINLESS STEEL

No. 5





**DEEP WATER FERRY**—The Canadian government launches the "Charlotte" for service to Prince Edward Island. This largest on the Atlantic has accommodations for 16 railway cars, 50 automobiles, and 750 passengers. Its ice-breaker construction will keep the channel open to navigation the year round. It cost \$2,225,000.

## Government Tries Its Hand At Handling Reciprocity

"THIS is not the ordinary case of so-called 'reciprocity,'" says Everett F. Haycraft, attorney for the Federal Trade Commission, in his brief on the Mechanical Manufacturing Co., whose equipment sales to the railroads the commission is now examining.

Presumably, an ordinary case of reciprocity is one in which a large manufacturer of goods shipped far and wide by rail routes his shipments over those railroads which favor him with orders for such of his goods as they can themselves consume.

### Packers Were Stockholders

But the Mechanical Equipment Co. "had no substantial business to offer any railroad, no manufacturing plant located on any particular line." However, it had officials of Swift & Co. among its stockholders and so, says the attorney, enjoyed the same advantages in a traffic-for-orders trade as the Waugh Equipment Co., also under investigation as an Armour venture into the field of railroad supplies.

Final arguments on these actions under Sec. 5 of the Federal Trade Commission Act charging unfair methods of

competition in the sale of railway equipment by the use of the packers' volume of traffic as a club are scheduled for June 11 and 12, the Waugh Equipment Co. coming up first. Complicating the issue is the intimation that the 2 companies have merged, thoroughly entangling packer interest in both.

### Wants Broad Order

Mr. Haycraft will seek to broaden the commission's order to cover the new situation. In the Mechanical Manufacturing case, he would have it cover the activities of Swift traffic officials in the solicitation of business for any company in which members of the Swift family are financially interested. But he cannot be very optimistic about the outcome. The commission's trial examiner could find no conclusive evidence that the Mechanical Manufacturing Co. had used Swift traffic to obtain railroad orders for its bumping posts and other equipment. And, though evidence in the complaint against the Waugh Co. was apparently regarded by the trial examiner as sustaining the commission's charges, this organization is all set to deny that the majority of its stock is

controlled by Armour officials, to question other allegations.

If, as they sometimes contend, the railroads are more worried about the pinch of reciprocal buying than about the pinch of that traffic hunger that a little judicious reciprocity so often serves to alleviate, they will probably have to worry along without much hope of governmental relief. The Federal Trade Commission's attempt to try individual cases on their merits is likely to prove slow and ineffective.

## Briefs on Truck Control Just Interesting Gestures

THE Association of Railway Executives and the National Automobile Chamber of Commerce have locked horns in briefs filed with the Interstate Commerce Commission for and against regulation of trucks and buses which are engaged in interstate movement.

Railroads estimate that 40% of all I.C.I. freight moves by truck, some of it for distances of 300 to 1,200 miles and up. They contend that all common-carrier vehicles should be required to obtain certificates from the I.C.C.; that railways should be permitted to engage in highway service on equal terms with other carriers. A bill to this end was passed by the House last session but died in the Senate.

The N.A.C.C. contends that such regulation would be in the interests neither of shipper nor of the general public; that the bill, if not unconstitutional, would be impracticable; would serve to place government in further conflict with individual enterprise.

The briefs can have little immediate effect as it is inconceivable that the commission will act in a matter which already has been subject of Congressional debate and vote and is expected to come up again next session.

## Atlantic Coast Line Sets New Record in Economies

ATLANTIC COAST LINE RAILROAD surprised transportation experts by showing for its first quarter of 1931 the lowest operating ratio (percentage of costs to revenues) of any large railroad with one exception—Norfolk & Western.

Coast Line's "operation" for the first quarter was 66.8% as compared to Norfolk's 66.5%. Even the Burlington, widely heralded for its economies, was higher with 67.4%.

Improvement to property in recent



years, in preparation for just such a condition as now exists in the railroad world, is held responsible for the success in cutting down expenses, according to George B. Elliott, president.

For the first quarter Coast Line showed a net of \$3,735,000 as against \$4,300,000 in 1930, a smaller decrease than that of most roads. Passenger service has been decreased, some trains running only as far south as Charleston and others laid off entirely, with consequent savings in labor and wages. The citrus crop in Florida this year was large and vegetables and berries contributed substantially to the volume of traffic handled.

## Industrial Terminal Puts Trucks on Elevators

**COSTLY** traffic congestion, which in New York City accounts for \$1 million a day losses in trucking alone, can most effectively be relieved by construction of huge terminals to house industries, fed by water, rail, and truck transportation, states Col. William A. Starrett, New York builder.

Starrett-Lehigh Terminal, now under construction at 26th-27th Streets and 11th-13th Avenues, New York, is one such. It is a forerunner of others, both in New York and elsewhere, Colonel Starrett believes.

The terminal will have elevators to hoist trucks to any of its 19 floors, making every floor equivalent to a ground floor. Total floor area is 1,700,000 square feet; total cost \$10 millions.

It is expected that the big nest of industries to be housed in the new terminal will feed much traffic to Lehigh Valley Railroad. Coordination of transportation, trend of the hour, is strongly in the venture.

## Earliest Steam Rail Line to Be Abandoned

**THE** first line of railroad on which a steam locomotive was operated in this country has been forced into the discard by bus and truck competition.

It runs between Carbondale and Honesdale, Pa., and is owned by the Delaware & Hudson Railroad, which has applied to the I.C.C. for permission to abandon it.

It was on Aug. 8, 1829, that America's first locomotive traversed the wooden rails of this line at the amazing speed of 10 miles an hour.



# GUARDIANS OF QUALITY

**S**TUDY your bearing problem from every angle and you discover that for most installations nothing takes the place of bronze. *✓ ✓ ✓ ✓ ✓*

As guardians of quality in modern vehicles, machinery, and equipment, bronze bearings function as well or better than any other type. They provide longer and more trouble-free service. They cost less initially and in the long run.

Consequently more bronze bearings are in use today than any other kind. Thruout industry lives the conviction that from bronze comes the ideal bearing.

Everywhere it is apparent that makers and users of machinery, vehicles, and equipment believe it unnecessary to pay a premium for other types of bearings so long as bronze bearings continue efficient and economical performance. *✓ ✓ ✓ ✓*



◆ Every bronze bushing user should have a copy of this handy wall card which lists over 600 sizes of general purpose bushings—in stock ready for immediate shipment. Write for your free copy today.

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### BRANCHES

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# JOHNSON BRONZE

**BUSHINGS      BEARINGS      BAR BRONZE**

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**W**HEN your dollars are so invested as to buy *more* advertising POWER . . . this is the equivalent of an *increased* appropriation. Eliminate thin waste circulation in pinch-penny villages and in rural byways. Concentrate . . . make your dollars buy more *advertising*.

## ADVERTISING RESULTS ARE GREATER WHERE:

- 1 Population is thickest
- 2 Dealers are concentrated
- 3 Living standards are highest
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## CONCENTRATE YOUR ADVERTISING WHERE GREATEST PROFIT CAN BE MADE

Scripps-Howard Newspapers offer the highest concentration of circulation available in one unit for national advertising . . . enabling the advertiser to secure maximum selling power by placing the weight of the appropriation against the greatest potential for sales.



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PITTSBURGH . . . *Press* COVINGTON *Kentucky Post* TOLEDO . . . *News-Bee* MEMPHIS *Press-Scimitar* KNOXVILLE *News-Sentinel* EVANSVILLE . . *Press*  
— *Kentucky Edition of Cincinnati Post* ALBUQUERQUE . . . . . *New Mexico State Tribune*

NATIONAL ADVERTISING DEPT., John E. Finneran, director, 220 PARK AVE., NEW YORK, CHICAGO, SAN FRANCISCO, DETROIT, LOS ANGELES, ATLANTA, PHILADELPHIA, BUFFALO, DALLAS

# Buy More

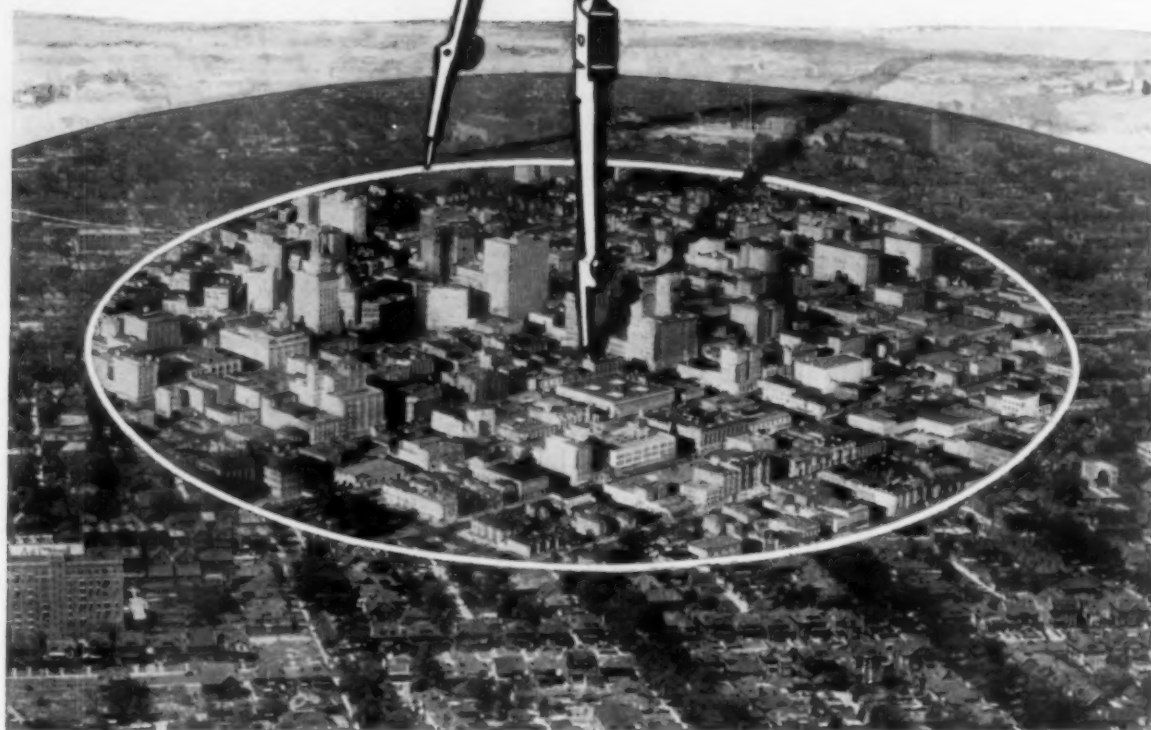
# PROFIT

## THESE FACTORS DISSIPATE PROFITS

- 1 High Sales Costs to Reach Distant Outlets
- 2 High Advertising Costs Because of Waste Circulation
- 3 High Advertising Costs of Forced Combinations
- 4 High Advertising Costs Where Circulation Productivity is Lowered by Premiums
- 5 Selling Outside the Logical Market

## THESE FACTORS CONSERVE PROFITS

- 1 Intensive Cultivation of Easily Accessible Dealers
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**90.7%** of Scripps-Howard Circulation is Concentrated in Profit-Areas\*\*

Thus the larger part of your appropriation is directed where your potential for sales is greatest. This adequate concentration is secured in the cities (most important) . . . in trading areas . . . with a minimum of circulation in the sterile fringe outside.

\* Scripps-Howard Cities of Publication

\*\* Standard A. B. C. Trading Areas

# Greatest Store of Gold World Ever Saw Is Bringing a Crisis

**Unable to choke inflowing stream, we soon must resort to heroic measures**

FOR every dollar of money in circulation, the United States now has a dollar of gold. This never was true before in any country. Our habitual ratio is one gold dollar to \$2.50 of currency.

In our vaults is gold worth \$4.8 billions—the greatest store ever amassed. It increased \$60 millions in May, the heaviest month's receipts for several years.

By all classic economics, amassing most of the world's gold should produce here swiftly rising prices, and all the phenomena of a boom. Instead, we have severe declines in prices and deep depression.

## Most Serious Problem

The gold situation is the most serious problem the world faces today. Questions of commodity prices, wages, international debts, domestic debts, all the urgent problems of depression are but phases of the gold problem. That seems a sweeping assertion unless the elementary proposition is kept in mind:—all prices are merely an expression of the ratio between the available supply of gold and the available supply of goods or services.

Almost always relegated to financial journals, or economic reviews, the layman is apt to feel that the movement of gold and the problems it creates are matters for the specialist. Yet there is little about it that cannot be put into the simplest terms.

## The Only Standard

Being the only international standard of money, debts between countries must be paid in gold. For about 2½ years, almost every country in the world has bought more from us than it has sold to us. Besides, nations, foreign provinces, foreign cities, foreign firms, having borrowed from America or American investors, have owed us huge sums in interest. We have not been lending back so swiftly as these sums fell due. Another important cause has been the repurchase of their own bonds by foreign corporations—which thus paid off debts at big discounts.

So in 2½ years our stock of gold, already embarrassingly large, increased \$623 millions.

France, for 2½ years, was in much

the same position, for somewhat different reasons. In 2½ years, France gained \$957 millions, but she had no such stock as ours to begin with.

We and France thus added \$1½ billions in gold. The world's mines produced \$1 billion. Other nations, therefore, depleted their stocks to the amount of \$½ billion.

The flow to France was stopped 2 or 3 months ago, by heroic measures. The flow to the United States is accelerating.

The loss of gold is doing the rest of the world great harm. Because: gold is the basis for all money in circulation. As gold supply decreases, money in circulation decreases (dollar for dollar in some countries; not quite so fast in others). As money grows relatively scarce, it becomes more valuable—just a way of saying that prices fall. Goods and services will buy less gold with which to purchase goods or pay debts in other countries—e.g., the United States.

Our rising heap of gold bars is doing

us no good. Because: Call it prudence, or call it fear, banks and investors refuse to use the gold. The banks that import it have been using it to pay off their debts to the Federal Reserve. Used there, it pays off dollar for dollar. Used as a credit base, one gold dollar permits \$10 to \$13 of bank loans. With mounting gold supply, the volume of money in circulation has decreased. Investors will not lend abroad. If they would, the gold could be shipped overseas to finance business revival.

Prices are an expression of the ratio between available gold supply, and available supply of goods or services.

The catch is in the word "available." Our supply is not made available.

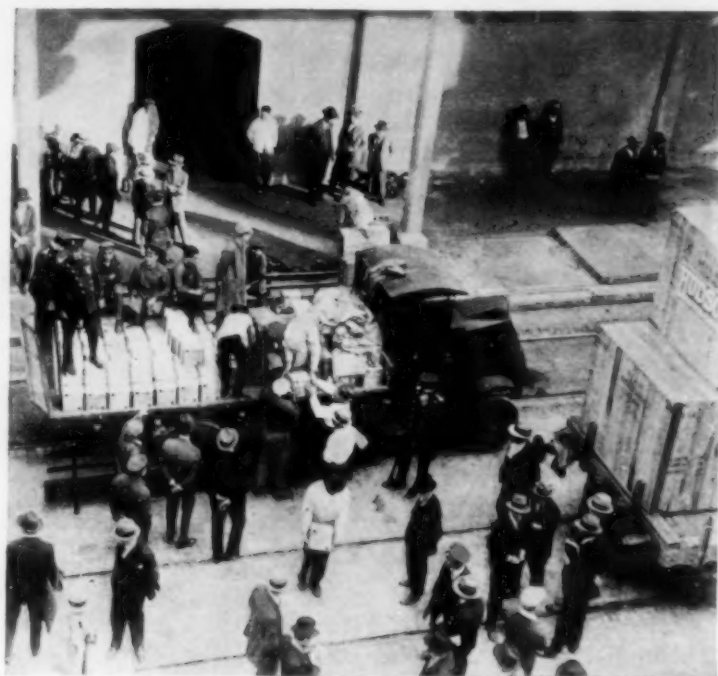
If the gold influx continues, as seems inevitable, the banks in a few weeks will owe the Federal Reserve nothing. That means they will have shrunk the use of their credit facilities to the irreducible minimum—will be rediscounting none of their paper.

## Federal Reserve's Position

That will bring a real crisis. For one thing, the Federal Reserve will be in the anomalous (and somewhat ridiculous) position of existing in a vacuum, or as if on Mars—a bank without debtors or creditors, its interest rate a statistical curio.

When this day arrives:

(1) The gold must go into circula-



**MORE GOLD FOR THE U.S.—A \$10-million truckload at Buenos Aires being loaded on the "Southern Cross" for shipment to New York. This country already has a dollar of gold for every dollar in circulation**



tion. This would be equivalent to further contraction of currency, because \$2.50 of Federal Reserve notes must be retired for each dollar of gold put in circulation. No bank could afford to go far with this. (2) Banks will finally be forced to use it to expand credit, by buying securities or making loans, or both, or they must let it remain entirely idle—quite improbable. (3) The Federal Reserve might grant large foreign credits—as just now to Austria.

Abroad the depressing effect continues, is notable particularly in Latin America, Australia, and several European nations. They haven't enough money with which to do business at present prices—and they face the immediate prospect of losing more of their funds.

#### Reserve Relief

This is the situation which alarms business and finance. The Federal Reserve banks have tried to relieve it, haltingly at first, then more vigorously during this spring, by cutting money rates. In addition to helping domestic business, these low rates should so decrease the yield of money here that it will go abroad to earn more. This could occur through short- or long-term loans,

depositing funds with foreign banks, buying foreign securities, etc.

But money doesn't want to go abroad, it is fearful and timid. It prefers to stay at home with the blanket of low yields over its head until the lightning and thunder cease.

#### Debtor Requests

On their part, foreigners are seeking some method of decreasing their net balances due this country. So they ask us to buy more of their goods, and decrease our tariffs to help the process. They are asking with greater vigor that war debt payments be cut down, and their request seems likely to take first definite form by Germany's taking a postponement of reparation payments. Some nations are simply defaulting their debts to us, as Bolivia.

Optimists are hoping that our low money rates have not had time yet to be effective, that in a few weeks they may cause sufficient funds to go abroad to relieve the situation. While a possibility, this doesn't seem a likelihood.

Meantime the Federal Reserve is casting about for some other method of relief. Foreigners appear just about ready to take the situation in their own hands.

## New Motor Models Offered To Catch Fancy of Buyer

WITH a friendly wave at the plan of the National Automobile Chamber of Commerce to have all announcements of 1932 models made simultaneously in November and December of this year, individual car makers are continuing their strenuous efforts to loosen the purse strings of cautious and over-thrifty buyers with new models, new gadgets, new merchandising ideas.

Reo has shipped dealers the first few hundred of its new Flying Cloud series which includes a 90-hp. 8 and an 85-hp. 6—the 8 at \$1,395 and the 6 at \$1,295, Reo's lowest prices. These cars are featured by V-shaped radiators and one-piece fenders patterned after the high-priced Royale line. Initial production is limited to sedans, but a coupé model with rumble seat is expected.

#### Low Priced Free-Wheeling

Hudson Motor Car Co. is offering free-wheeling as optional equipment for both Hudson and Essex at \$35 extra. This makes Essex the lowest priced free-wheeling model on the market.

Closely following Hudson's announcement, Peerless offers free-wheeling in

its de luxe editions of Master and Custom 8's. Pierce-Arrow has 5 new body types in the LeBaron customized group with 147-in. wheelbase, 132-hp. straight-8 engine, at \$5,100 and up. Windshields of these new models are V-shaped; mechanically, they are identical with the Model 41 standard line.

#### Ford in Lead

Ford Motor Co. has announced its standard sedan with a longer and wider body and slanting windshield.

Although domestic sales of Chevrolet cars in May are believed to have equalled or exceeded those of April, early returns from most states indicate that, for the first time in 5 months, Ford sales were in the lead; the margin is very slim, however, and not too great for Chevrolet to overcome in the remaining states not yet heard from.

H. J. Klinger, Chevrolet vice-president, declares that there is still every prospect of attaining the company objective of 1 million cars manufactured during 1931. This will mean an average of 75,000 cars a month for the final half-year.

## TITLE GUARANTY COMPANY loses heavily through poor judgment

●A nationally-known title guaranty and trust company found that their record books were tearing at the binding edge despite few years of use.

Experts, called in to suggest a solution, quickly saw that the books were made of inferior paper, chosen to effect a saving. So many pages were loosened, there was no alternative but to re-copy and re-bind all the books on suitable paper.\*

As in all such cases, the cost of this work greatly exceeded the amount "saved" by the original choice of paper.

When the inferior paper was selected, the officials hadn't realized that business records are now used under conditions which crowd a year's wear and tear into



This certificate is a guarantee of supreme value—look for it on record books and sheets.

a single month . . . that paper which defies time gives greatest resistance to handling . . . that frequently true economy lies in using permanent paper of utmost durability, even for obviously semi-permanent records.

For 82 years, L. L. Brown permanent record papers have been safeguarding public and commercial records economically. The accepted standard by public officials, they are unconditionally certified to be of supreme quality and durability in their respective grades. A concise booklet—"Certified Papers"—tells how to determine the safest, most economical paper for your vital records. Ask your printer or stationer for a copy or write to L. L. Brown Paper Company, established in 1849, mills at Adams, Mass.

\*Brown's Lines Ledger permanent record paper.



# Johns-Manville surrounds *invisible walls* equal



**Knowledge gained in saving American Industries  
more than \$250,000,000 a year through  
*control of heat* now benefits American home owners**

**O**RDINARY WALLS are sieves for heat and cold. They look solid. They feel solid. But they're sieves.

In winter hard-earned dollars leak out through these walls as the coal pile melts. Discomfort and sickness leak in . . . In summer, *heat* seeps in. Sleeping rooms stifle, rest is disturbed.

Now Johns-Manville, applying the knowledge which is saving American industries more than a quarter of a billion dollars a year through control of heat, in a few hours surrounds sieve-like houses with invisible walls—cuts 20% to 35% from fuel bills in winter, keeps interiors 6 to 11 degrees cooler in summer, gives comfort the year 'round.

The material used is rock-wool—

fine, fibrous, actually made from rocks. Blown through a hose into empty spaces between inner and outer walls of old or new houses, 4 inches of rock-wool have an insulating value equal to solid concrete 10 feet thick. This 4-inch-thick insulation is fire-proof, vermin-proof.

***From 400° below zero  
to 3,000° above***

**U**NPROTECTED walls of furnaces, boilers, steam lines in industrial plants are more sieve-like than walls of houses. Consequently, industry usually covers these walls with some type of insulation. The question is: What types will pay the longest profit over a period of years?

Johns-Manville finds the exact answers

in a Research Laboratory where the escape of heat is measured in fractions of B.T.U.'s.

Precision-methods are not of abstract value, but result in the development of more efficient materials, more efficient methods of application. Johns-Manville insulation research and service range through the scale of temperatures used by industry—from 400 degrees below zero to 3,000 degrees above.

For each temperature within this range there is a serviceable J-M insulating material which will pay substantial dividends . . . Johns-Manville engineers go into plants, board steamships, ride on locomotives, and, without charge, study the insulation problem, reporting what can be saved, and how.

Executives are invited to write for more complete versions of insulation re-

# heat-wasteful houses with to concrete 10 FEET THICK

ports on this page, or for other reports covering specific fields in which they are interested. Address Johns-Manville, 292 Madison Avenue, New York City.

## 280,000 gallons of oil saved in one furnace yearly

**I**N 1919 a 25-ton open hearth furnace was built without insulation at the Lima plant of the Ohio Steel Foundry Company. Four years later it was taken down and rebuilt, insulated with J-M Sil-O-Cel Natural Brick and C-22 Insulating Brick.

The furnace is oil-fired. The temperature of the molten bath when the furnace is ready for tapping is 2,900 degrees F. The temperature of the brick under the roof is approximately 200 degrees higher.

Before insulation, 42 gallons of fuel oil were used to produce one ton of steel. After insulation, the figure was 32 gallons. The annual saving amounted to 280,000 gallons of oil, \$11,579.85 in money. The insulation paid for itself in three months,

paid a net profit of 418% yearly thereafter.

## J-M Insulation returns 655% a year in glass plant

**W**. T. RAWLEIGH COMPANY, Freeport, Ill., is the leader in its field, producing pharmaceuticals, toilet preparations, insecticides, and food products. It operates its own glass container plant, which makes approximately 18,000,000 jars and bottles yearly.

After operating without insulation, in 1927 the walls of the regenerators of a 28-ton glass tank in this plant were insulated with Johns-Manville Superex and Insulating Cement.

Before insulating, 22.30 tons of coal were used in operating this tank every 24 hours. After insulating, this dropped to 16.38 tons—a saving of 1,480 tons of coal yearly, reducing fuel costs \$8,748.15. The insulation paid for itself in 2 months, provided a plant investment which has since paid a net return of 655% a year.

## Refrigeration pioneers served by Rock Cork for 18 years

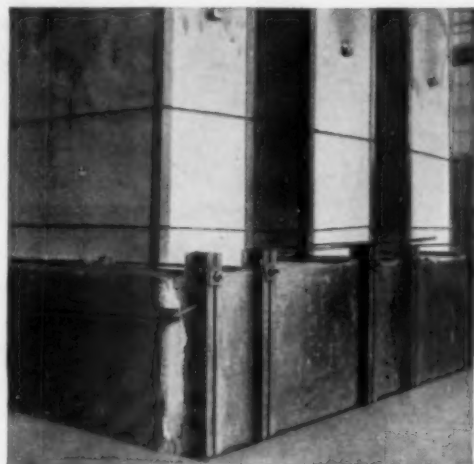
**K**INGAN & COMPANY, Indianapolis meat packers, pioneered the artificial refrigeration of meat soon after establishment of the company in 1863.

Early interest in refrigeration has kept Kingan & Company a leader in its development. Many materials have been tried.

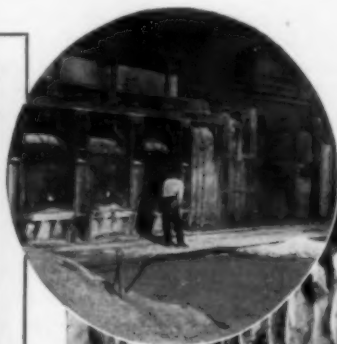
In 1913 all walls and ceilings in the Ray Street Plant, Indianapolis, were insulated with Rock Cork. It was expected that re-insulation would be needed in 10 years.

Rock Cork, a mineral product made by Johns-Manville, so far exceeded expectations that after 10 years its condition was found to be excellent. The latest thorough inspection was made in 1929, 16 years after installation, and the condition of the Rock Cork was still so good that there was no reason to think it would not be good for years to come.

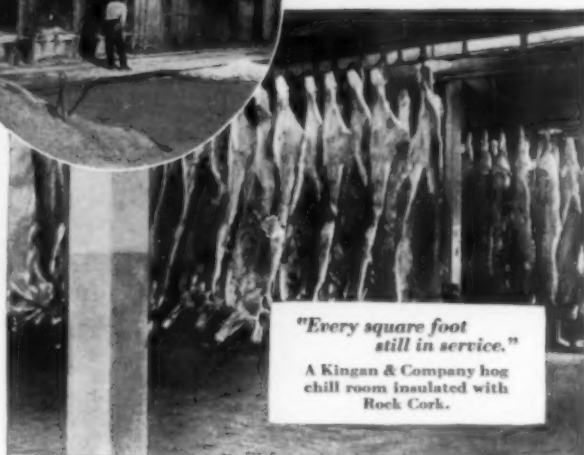
Since 1913 Kingan & Company has bought many carloads of Rock Cork for the insulation of hog chill rooms, curing cellars, sausage rooms, beef coolers, and every square foot is still in service.



"18,000,000 jars and bottles yearly."  
Portion of glass tank regenerator walls  
insulated with J-M Superex.



"After insulation...32 gallons."  
Watching the "heat" in Ohio Steel  
Foundry Company open  
hearth furnace.



"Every square foot  
still in service."  
A Kingan & Company hog  
chill room insulated with  
Rock Cork.

# Johns-Manville



Controls

HEAT, COLD, SOUND

Protects against

FIRE AND WEATHER



# Not Least Among Special Weeks Is the Accountants' Great Show

**Some 90% of candidates are weeded out  
in a terrifying test while a rare exhibit is staged**

EVERY business has, once a year in New York town, its week and its show. The machinery businesses, bulky by nature, sport annually tremendous congregations, gigantic banquets, and floor upon warehouse-like floor of aging Grand Central Palace with all the burden of fashioned steel that the girders will bear. So with motor-boats, automobiles, aeroplanes, throughout the gamut from the massive to the exquisite arts. Last week fell to perhaps the most ancient, but undeniably the lightest equipped of the trades or crafts.

## Brains Travel Light

The American Institute of Accountants received and entertained their apprentices and aspirants, outfitted only with their brains and their pens. They received them with an examination and entertained them with a museum. Both ceremonies were memorable, important.

First, let the layman shudder at the little two-day examination, 9 A. M. to 12:30 P. M., 1:30 P. M. to 6:30 P. M., to which 800 young and middle-aged gentlemen of several degrees of formal schooling and of from 3 to 5 years' practical experience were subjected for the modest entrance fee of \$25. It may mean something to say that the questions cover 19 printed pages of a middling-sized book form. But it does not mean enough, for upon examination it would appear that in accounting as in poetry, quality is everything.

## Bare Handed Knowledge

In the case of some of the longer and more amazingly detailed numbers, with, say, 40 minutes allowed to draw up a balance sheet, it is conceivable that a combination of Albert Einstein, Max D. Steuer, and Clarence Dillon might be able, given the aid of a slide rule, a law library, the Encyclopedia Britannica, and a set of bond tables, to untangle the whole extravagant mess in the course of a trans-Atlantic voyage. But there are tucked away here and everywhere there tiny little quizzes that would stump a Solomon for practical wisdom or embarrass a Talleyrand for diplomatic tact. And these gentlemen candidates for the degree of Certified Public Accountant are permitted no tools or tables or books of reference what-

soever—just a bottle of black ink and another of red, two fine pointed pens.

The recorded figures show the pace. In some years 9% of them pass. If there are enough Ph.D.'s from the greater and stiffer universities it may be 11% or 12%. And pass means 75% of perfect.

## Making the Grade

In any case, somehow, some few do manage to make the grade. The illustrious Stuart Chase, author, economist, philosopher, achieved it 3 years after he got his honors from Harvard, but it is explained that he exhibited an unparalleled capacity for the nocturnal grind. But if the intellectual level is so highly maintained, and if consequently the number of members in this most exclusive of all unions is kept so auspiciously down, yet there does spring out of the gumbo of Kansas every year or two that tousled farm boy of genius whose withering aptitude for figures and their meaning conquers the long counsel table of aging examiners.

The museum entertainment which last week followed the examination ordeal was, for such of the acolytes as could afford the leisure, a rare treat indeed. It was a remarkable exposition of documents and works in and about accountancy, from ancient times to more vulgar contemporary days.

## Museum Piece

The finest bit was an historic one in two mighty tomes of priceless and memorial portent. It is the first authentic and published treatise on commercial book-keeping by double entry, the origin and until today the final spring of all literature on this subject. Only 53 years ago died the shamed citizens of San Sepolcro village, in Italian Arezzo, extol the merits of the great man whom they had let rest in oblivion for 370 years. For it was in 1445 in the house so tardily adorned with the regulation mural tablet that Luca Paciolo (Fra Luca di Borgo San Sepolcro) created his immortal *Summa de Arithmetica*, printed in the year 1494.

There are only five originals of Paciolo in the world. The British Museum got one early, naturally. So did, luckily, somebody who was think-

ing of the library of Columbia University in his will. A wealthy Italian individual prizes another. The Italian State, alarmed, grabbed the fourth just about the time when Frederick A. Tilton, Third Assistant Postmaster General of the United States, scion of an illustrious accounting family and himself a fan on accountancy, somehow cornered the fifth and last. He got it to give to the institute's library. Well, for a very long time Mussolini himself prevented him, foreign government official that he was, from exporting it. It took all the patience and force of ambassadors to get the volumes out.

## The Wise Friar

The Franciscan friar, intimate friend of Leonardo da Vinci, was as pithy with the good sense of the marketplace as he was packed with the higher mathematics that he forever taught. "If you are in business and do not know all about it, your money will go like flies; that is, you will lose it. . . . Where there is no order there is necessarily confusion. . . . Books should be closed each year, especially in partnerships, because frequent accounting makes for long friendships."

Equal in beauty if lesser in authority and antiquity are other remarkable early volumes by such masters as Angelo



Underwood & Underwood

FREDERICK M. FEIKER—The new head of the Bureau of Foreign and Domestic Commerce is expected to put the accent on "Domestic"



Pietra and Matteo Mainardi, both monks, both scholars, both "cellarers" of their orders. In the early works in a dozen other tongues one can remark by the very forms, architectural and textual, that are employed something of the special qualities of all of the great book-keeping peoples, which is to say all of the civilized peoples who have been great in trade.

Prettiest of all, somehow, is the Chinese, not only in lay-out, make-up, and the symbols, but in the very translation.

#### National Characteristics

The Turkish balance sheet is almost equally fine, with little V's of migrating geese flying their way across the paper. Strangely, Japanese bookkeeping is more vulgar, much more like a laundry bill. Greek works are dedicated to Aristotle, as are the Italian to the Blessed Virgin and to the Glory of God.

Swedish work is clean, Dutch is delightfully quaint except for the words, which are terrifying: "Productiekosten-verrekening en Welenschappelijhe Bedryfsleiding," which would appear to mean just a brief treatise about cost accounting.

The French, outstanding eighteenth century nationals, are befittingly old-fashioned and sort of out of it for originality, for it is a learned axiom in accounting that the eighteenth century, with all its brilliancy and inventiveness, did practically nothing for the art. It was an anti-commercial time. Of the more modern works the English and the German are the most remarkable for ideas.

#### Early Americana

In American forms, the personal bookkeeping of General George Washington in account with the then government is admirably clear and doubtless of impeccable accuracy. Earlier Virginia accounting was all mixed up with the tobacco business, expressed in units of hogsheads. New York City prices just 100 years ago ranged from 15¢ butter through \$1.50 for wife's morocco shoes; from wine at \$3 the gallon to \$5.50 for use of one horse and gig from Ithaca to Auburn and back.

All this and much more was there shown last week to the surviving examined, the one suicide excepted, for all but that single unfortunate gentleman came through the ordeal alive. And if it was so done it is because it is definitely a part of the policy of the masters in the institute to undertake historical defenses of book-keeping before their successors, generation after generation.

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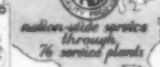
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## Foreign Council Finds Food For Thought But Little Else

OF miracles there was none at the eighteenth annual session of the National Foreign Trade Council. Of talk—vigorous and to the point—there was a plenty. The 2,000 delegates left New York at the end of the session with few new sales schemes but with a half dozen well-impressed ideas likely to be of some importance in future foreign trade policy.

They know, for example, that the volume of export merchandise sales about equals that of a few years ago when business was enjoying substantial prosperity;

That price levels have fallen to the point where profit has been largely eliminated;

That the essential necessity of the present economic situation is an advance in commodity prices;

That we possess in ourselves the power to lead in world trade recovery.

#### Tariff Is Suspect

To these impressions, there must be added a certain feeling that tariffs are causing a lot of unfortunate worry to foreign trade, that perhaps something ought to be done about our own tariff.

Fortunately, the foreign point of view on this question of tariff came from the capable and popular Señor Malbran, Argentine ambassador to Washington. With affable vigor, and a bare touch of whimsical sarcasm, he predicted that our tariff might force Argentina to adopt high protective duties; characterized the United States tariffs as "prohibitive" rather than "protective"; cited the case of linseed, the tariff on which has been revised upward 20 times "and still the United States produces less linseed now than in 1921 when the tariff was one-third as high."

#### Dr. Klein Less Worried

Dr. Julius Klein, Assistant Secretary of Commerce, was less worried over the effects on foreign trade of the tariff. "In 19 representative countries around the world comprising most of our leading customers, our share in their import totals last year was almost exactly 20%. Our proportion in the trade of the same markets during 1924-27 averaged 20.7%."

As for "door-slamming" on our foreign customers, "since the enactment of our Tariff Act, 25% of the commercially prominent foreign countries

have made major changes in their tariff laws (practically all upward), but in this mass of legislation the instances of provable anti-American reprisals are very few."

If American foreign traders carried home concrete suggestions suitable for immediate use in stimulating their business, they were:

#### Homework Assigned

(1) Plans for more careful cooperation within industries for overseas sales effort;

(2) Executive control of these groups in the hands of the most capable representatives in the industry;

(3) Aims, through these groups, to develop uniform agency contracts, standard credit terms, united defense of American trade against maliciously restrictive or discriminatory measures, planning of collaborative propaganda in the best sense of that word in behalf of the given American industry.

#### Dutch May Yet Agree On Rubber Restriction

SINCE the collapse of the Anglo-Dutch negotiations over the Maxwell rubber restriction plan last March, due to dissension among the Hollanders, efforts have been continued to bring accord among the Dutch producers, but without success.

The recent appointment by the Dutch Colonial Minister of an informal "working committee" to study and report on the rubber situation has left the rubber market wondering. Is the Dutch government, hitherto opposed to rubber restriction schemes, ready to change its policy?

#### Perhaps a Convert

Dr. Bernard, Director of Agriculture of the Dutch Indies, now on furlough in Holland, while formally deprecating any "premature" suggestions in that direction, has on several occasions expressed himself in favor of some scheme which, without entailing actual government compulsion, might have the effect of reducing output and improving prices.

He believes that the government, which at one time systematically encouraged native rubber growing and therefore bears some responsibility for the present glut in the market, would be justified now to advise the native

growers to abandon rubber and revert to other crops. So he is in favor of placing difficulties in the way of rubber growing while encouraging in every way possible the extension of rice cultivation, now far short of home requirements.

As regards the improvement of rubber prices, Dr. Bernard hopes that some kind of a working agreement will be arranged with the large rubber consumers, resulting in a balancing of supply and demand at an equitable price.

#### Push Plan in U. S.

Whether such a plan would be practicable or not is open to question, and though it is generally pooh-poohed by the strong plantations, which have more faith in the survival-of-the-fittest theory, an effort in that direction may be made with some of the larger consuming interests, principally those in the U. S.

### Russian Sweets Make Manchester Sour

EUROPEAN NEWS BUREAU (Cable)—Britishers in staid old Manchester witnessed a flurry directed against the Soviets recently when members of the Manchester Produce Exchange refused to allow the representative of the Soviet trade delegation to erect a stand to display Russian sweets. When the "free for all" was ended, Soviet samples were strewn about the floor and the sales representative had disappeared.

Exchange authorities in Manchester are defiant. There is strong feeling in Britain against the Russians, though large purchases have been made by certain firms from the Soviets. In the present case, the authorities have refused to guarantee the safety of the representative attempting to sell the Soviet confections.

Along with preserved fruits, canned vegetables, fruit, fish, and caviar, candy is being offered on world markets.

Confectionery production in Russia is expanding rapidly. Exports in 1929 totaled only 971 metric tons. In 1930, with output of 267,000 tons, exports jumped to 3,041 tons. Production in 1931 is scheduled to reach 590,000 tons.

Soviet candies made their formal debut in the United States at the Chicago Food Show last October, though more than 180 tons had been imported in the first 6 months of 1930. During the old Soviet fiscal year, which ended Sept. 30, 1930, the Amtorg candy department reported sales in the United States of \$104,000. In the previous year they totaled only \$59,000.



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### German Rayon Market Planned on Quota Basis

EUROPEAN NEWS BUREAU—Germany has almost completed plans for a domestic rayon cartel, and has smoothed the way for an All-Europe agreement.

The domestic market for rayon has been divided on a quota basis. The Italian import quota has been fixed at 17.64% of Germany's domestic consumption (computed on a basis of 1930 figures). I. G. Farbenindustrie, the country's great chemical trust, has finally consented to a quota of 15% of domestic consumption. The largest company—Vereinigte Glanzstoff-fabriken (to which Bemberg also belongs)—gets 43% of domestic consumption, or, with its Dutch associate, AKU, 50%. French, Belgian, and Swiss producers will share 17½% of the market.

#### Others to Participate

While final details are being worked out in Germany, negotiations have been started with the Austrian and Czechoslovakian rayon manufacturers to partition these two markets on a quota basis. Since in both cases the domestic industry is dominated by parent companies in Germany, no difficulties are expected.

Sales in Germany are to be effected through a central sales bureau, but it is not intended to increase prices for the time being.

Negotiations leading to allotment of the French market are expected to present the greatest difficulties, especially since the French domestic industry is not united.

### Cut in Tin Quotas Fails To Hold Up Prices

THE additional cut of 20,000 tons in tin production, recommended by the International Tin Committee at its meeting at The Hague May 16 (BW—May 27/31), has been agreed to by all 4 participating governments. The new annual quotas, with effect from June 1, will be as follows: Bolivia, 28,818 long tons; Malaya, 45,355 tons; Dutch East Indies, 25,159 tons; Nigeria, 6,513 tons; total of 105,845 tons.

This notwithstanding, the price of tin has fallen to a new low for this century, reflecting the generally unsettled condition of the metal markets, chiefly copper, which has just established a new all-time low of 8¢. The less favorable statistical position of the tin industry also has had a depressing effect, the world's visible supply of tin having increased by 2,769 long tons in May.



# Business Abroad—Swift Survey Of the Week's Developments

Business is once more unnerved by pending political issues, official investigations, labor troubles. . . . Germany, pushed to the wall financially, apparently is about to demand reduced reparations. France is antagonistic. Austrian finance is still too wobbly to remove the worries of international bankers in a dozen countries. The Niemeyer report may confirm Brazil's unfortunate economic plight. The Spanish peseta is extremely weak. France is harried with strikes and threats of strikes. Germany may have more labor worries after the economy decree is published. . . . Markets, both commodities and stocks, are weak. . . . Capital is not moving freely. . . . The outcome in Germany is the key to the immediate trend in Europe. The report on Brazil will affect all South America.

## Politics Hold Europe In Business Quandary

EUROPEAN NEWS BUREAU (Radio)—June opened with commodities weak, stock markets weaker, and exchanges disorganized. The sag in Wall Street and American selling of European securities, continued concern over the condition of Creditanstalt in Vienna, expectations that the Niemeyer report will recommend a moratorium in Brazil—all contributed toward unsettlement.

### Reparations Vital

Further, the belief has become general that the long latent reparations problem is about to become once more an immediate issue. Chancellor Bruening is expected to contend at Chequers that only a reduction of reparations, or the alternative of an *Anschluss* with Austria, or both, can avert an imminent politico-economic crisis in Germany and danger of actual collapse of that country next winter. It is not expected that Bruening will favor a moratorium or a further foreign loan since, though this might postpone immediate exigencies, it is no permanent solution and would only add to future German burdens. To business, reparations reduction would mean greater German purchasing power but increased taxation in creditor countries. Ultimately, only the reduction of present inflated European armament costs will permit the scaling down of

international settlements, unless the United States is ready to hold the bag.

A recent survey by *The Business Week* correspondents in Europe established that not less than 26% of the French 1932 budget will be devoted to armaments; in France and the Little Entente combined, 25% of their aggregate budgets; Italy, 27%; England, 13%; Germany, 6%.

### Political Tension Harmful

If international political tension could be eliminated, economic conditions would not seem to justify particular pessimism. Indications of seasonal recession in May were fewer than usual. As previously pointed out in these cables, commodity stocks, though congested, are in first hands. As a corollary, current manufacturing production appears to be passing more rapidly to actual consumption. Coal, ferrous metals, and the engineering industries are marking time at low levels, but textiles (except cotton and jute), footwear, and chemicals, are comparatively active. The building, automotive, and electrical equipment industries are fairly well occupied. Even shipping is improved.

Trade figures reflect larger movements of raw materials. Allowing for seasonal variations, it will probably be found that business in the first half of 1931 generally has held its own. It may even be slightly improved.

Rapidly to review monthend conditions in individual countries: Switzerland and Holland are relatively in the best position. British first-quarter industrial production was quantitatively 3.6% below the last quarter, 14.1% below the same quarter last year, and excepting the heavy industries, cotton and textiles, May reports were, on the average, fair.

### Slow Decline in France

Business in France is characterized by a slow decline. Italy, though depressed, has for some time resisted further loss of ground and the stimulus expected by the oversubscription of the \$250 millions conversion loan, marks the first of a series of similar operations pending in Europe.

The East European and Balkan countries are at a low ebb though April trade figures show some improvement. Fears of a financial panic consequent on the failure of Creditanstalt in Vienna, have been greatly relieved, if not yet wholly removed, following the Austrian

government's guarantee of liabilities, joint action of 10 national banks in extending foreign exchange credit, formation of committees of the principal foreign creditors, and cabling Europe's highest bank specialists to supervise reorganization.

In Scandinavia, timber sales are reviving in Sweden as Russian exports fall below the anticipated amounts, but Norway is still gripped with a general labor lockout. Danish farmers are feeling agricultural depression acutely. More, rather than fewer difficulties are to be expected in Spain, but the situation is of local, rather than general, significance.

Darkest spot in the picture is Germany, where recurrent and acute fiscal difficulties, added to the prolonged economic strain, have raised political discontent to the flash point. It is questionable how the country now will receive the second radical fiscal reform by emergency decree, which is due Saturday. It is expected this decree will further reduce government expenditure and salaries, while raising the sugar and gasoline taxes, and introducing an income surtax.

## British Business Turns Its Eyes on Chequers

Business has not improved. . . . Markets are weak. Tin is declining. Rubber fails to hold its improved position. . . . Iron and steel unionists offer program to owners, propose a central control board, planned production.

LONDON (Cable)—British business has failed to show the usual post-Whitsuntide burst of activity. Stock markets are weaker in tone. Foreign exchanges are erratic with the Spanish peseta leading in the downward dip. American money is plentiful for short term loans, evidently due to hasty withdrawal from troubled money markets in Central Europe.

Prospects for tin, already at a new low, are not encouraging. Supplies piled up in May, a fresh 3387 tons being added. June consumption is not expected to be large.

### Rubber Down Again

Rubber stocks, on the other hand, declined for 2 successive weeks, called up a show of optimism until offset by news of increased shipments from Malaya.

The pressure to rationalize has brought a reply from iron and steel trade union members. At their recent

conference in Glasgow, they formulated the following proposals which have been presented to employers:

1. The application of a national scheme of planning for the industry in all its main branches with managerial boards responsible for the operation of the industry in their respective regions;

2. A central board for the general supervision of the regional organizations but allowing such local autonomy as will secure the fullest degree of initiative to produce the best results consistent with a sound national policy;

#### To Direct Distribution

3. This central board will arrange distribution of raw materials, co-ordination of all research work, the distribution of orders and the marketing of the finished product;

4. This central board will act for the industry as a whole in formulating agreements with other countries, in fixing prices in the home market;

5. Regional joint conciliation boards will be set up to deal with wages and conditions of labor.

Employers, commenting on the program, declare they have backed many of the views. To them the essential thing is a protected home market.

### Labor Troubles Add To France's Worries

Strike-mindedness spreads, threatens to cause new troubles. . . . Financial markets worried over Anglo-German conversations, Austrian bank troubles, falling securities prices. . . . Railway investigators recommend more bus lines, extensive electrification, reduced construction programs.

PARIS (Radio)—Except for a further sharp seasonal decline in the number of registered unemployed (for the seventh consecutive week), general business conditions are unimproved. Actually this decrease in unemployment is a freak condition for it is admitted that most of the jobless have been absorbed only temporarily by odd jobs in connection with the Colonial exposition.

#### Public Behind Strikers

A more significant labor trend is forecast in the fresh complications which have risen in the northern strike area. The 150,000 textile workers at Lille are still out, and are strongly backed by public opinion. Further to complicate the situation, statistics relating to the local cost-of-living index have been studied and released; show an alleged 3% decline. This has led employers in



**DIAMOND MART**—Amsterdam is still the great market. In this room, buyers from all over the world bend over their gem papers, transact their business as casually as if they dealt in seed corn

the metallurgical industries to side with textile operators. Already a 4% wage cut has been announced. Workers, incensed, are threatening to walk out.

Even more serious to French industrial welfare is the spread of strike-mindedness among labor unions throughout the country. The building unionists have gone so far as to demand wage increases.

Labor is hit by the seriously diminished activity in the southeastern paper and rayon mills. Rayon, especially, is slumping. Many firms have gone bankrupt, while others are working only 3 or 4 days a week. Natural silk mills in Lyons, particularly the Gillet group, are suffering from the severe competition of rayon, the prices of which are going down every day.

#### More Money Troubles

French finance is not running along smoothly. The coming conversations at Chequers between British and German officials are stirring many worries. The French fear the Germans will convince the British that *Anschluss*, or reduced reparations—or both—are an economic necessity. Because the Roumanian and Yugoslavian loans were poorly received, there is little confidence that the new \$60-million Paris Electric Power Co. issue will sell readily. It is to be offered at 97½, will yield 4½%.

Conversion operations are in the offing unless international complications

should again unsettle the money markets. Business is deeply concerned over the unfavorable condition of the railways (car-loadings are running 15% below last year, rail receipts 8% down) and is giving more than usual attention to the report to the government of the official advisory committee which has just completed a thorough investigation of the 1930 deficit.

#### Plan Replacements

To reduce future deficits, the committee recommends: replacement by automobile services on many lines because they are more cheaply operated; electrification of main lines (now in process of execution in certain companies) as a means of realizing important economies, possible because of France's important hydroelectric resources; a \$10-million reduction in construction programs and a \$21-million reduction in rolling stock purchases.

Another of the important measures recommended by the committee is the immediate conversion of various railway bond issues, which would afford in 1932 and 1933, economies of \$6,640,000 and \$8,000,000 respectively. The committee also recommends that new railway bond issues be declared free from income tax on revenue.

Another measure of more local interest is the committee's recommendations that the Paris suburbs' services be operated along the same lines as the Paris

Metropolitan railway and eventually under a joint management.

No rate increase for freight traffic is recommended, but it is proposed that passenger rates be brought up to 500% of what they were in 1913, to be compensated by a substantial reduction of the railway transportation tax. This tax, 32% of the value of all tickets, yielded, last year, 1,863 million francs. It is proposed to reduce it by 450 million francs, that is, by 24%.

## Industrial Activities Below Par in Germany

Business is extremely nervous.... The new emergency decree is expected to be drastic. Conversations at Chequers may not be successful. Investment capital may flee the country.... Industrial activity is below normal. Ford and General Motors focus automotive interest.

BERLIN (Cable)—Business is in a state of extreme nervousness. Current issues are all in a state of suspense pending the announcement of the government's severe financial cure in the shape of the third emergency decree, due Saturday. It is expected that, apart from drastic curtailment of expenditure on social services, the decree will bring an in-

crease in the income tax despite previous promises. A new wave of capital flight is feared.

The crisis in public finance has reached a climax and is likely to precipitate formal initiative by the German government for revision of reparations in spite of the unfavorable reaction in creditor countries. German opinion emphatically rejects the English feeler of a \$500,000,000 international loan, which, it is believed, would only aggravate the position. Rather, Germany demands reduction of payments or a moratorium.

The stock index touched a new low at the end of May at 72.5, which compares with 79.7 at the end of December. Creditanstalt difficulties, while not causing direct withdrawals of Austrian balances, which already were insignificant, nevertheless contributes to the general nervousness. Firmness of dollar exchange is attributed partly to incipient capital flight and partly to the technical position of the market.

### Rise Is Subnormal

The industrial situation is characterized by subnormal seasonal revival. April automobile registrations, while 50% above March, are 20% below last April.

Daimler-Benz in 1930 showed a \$2-million loss, including half a million from the failure of the American Mer-

cedes Import Co. The Daimler-Benz American sales organization now has been liquidated.

American companies are attracting special attention in the German automobile field. In the case of Ford, the German National Automobile Manufacturers' Association has raised a question concerning the German Ford Co.'s statement that they are turning out, or intend to bring out in their new Cologne plant (officially inaugurated June 4), an "all-German Ford car."

### "Dissect" Ford Buses

Recently a West German municipality purchased a number of Ford buses and set out to investigate if they were really mainly made in Germany. According to the association, only 7% of the parts used in the chassis, and 9% of the equipment and accessories were actually manufactured in Germany. So far, the statement of the association has not been challenged, but the industry expects an answer from the Ford Co. soon.

General Motors, too, is in the news. Through the Opelwerke, which they acquired more than a year ago, General Motors evidently is planning to make a strong bid for the European market for cheap, small cars. Total exports of automobiles from Germany in the first quarter of 1931 were 10% above the corresponding figure for 1930. Toward these exports, the Opelwerke contributed exactly one-half. Their share in exports of passenger cars was 53.6%, of trucks, 45.5%. This contrasts strikingly with the 1930 figures when for the whole year the share of the Opelwerke was only 23.9% of total automobile exports. In spite of the prevailing depression, exports of automobiles by Opelwerke in the first quarter of 1931 exceeded by 20% their exports during the whole of 1930.

## Markets Support Recovery In Japanese Business

Markets sustain last week's recovery.... Price of silk continues to decline. Cottons slightly up.... Rail strike is averted but labor still is unsettled by government wage cuts.

JAPANESE business has successfully sustained last week's upward trend, though the price of silk has declined further with a resultant bad effect on the export balance. Cotton, still in the import season, was slightly higher.

Foreign trade for the last 10 days in May continued to be dull. Imports totaled only \$22 millions, in which



THE AUSTRALIAN MAIL—The first plane rolls into Croydon after its 11,194-mile flight. Service on this route is still in the experimental stage





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cotton bulked large. Exports scarcely touched \$18 millions.

The strike of government-operated railway workers has been averted, but there is fresh unsettlement among government workers, whose salaries are to be cut by the recent drastic economy decree. Judges and lawyers, whose salaries have been guaranteed by law, have raised vigorous opposition to any reduction.

### Latin America Awaits Niemeyer Report on Brazil

No business improvement. . . . Argentina maintains favorable trade balance but on restricted volume. . . . Niemeyer recommendations forecast.

WITH tin, cocoa, coffee, sugar, and wheat prices sagging, business in Latin America is becoming increasingly pessimistic. Bright spot this week is the assurance from Uruguay that service charges on outstanding indebtedness will be met. Argentina also promises to meet external obligations.

Because of the gloom which followed the belated announcement of Argentina's unfavorable trade balance for last year, figures for the first 4 months of 1931 have been hastily compiled, show a favorable balance of \$10,700,000, despite restricted volume.

#### 7 Recommendations

Brazil is the object of much speculation pending the report of Sir Otto Niemeyer on the country's ability to pay its debts. Though advance stories of his report have been declared inaccurate by Sir Otto, it is generally expected by the banking world that he is withholding a public statement until he has reported to the Rothschilds, who sent him to Brazil and who are said to be committed for nearly \$100,000,000 on the coffee valorization loan.

In Rio de Janeiro, the *Diario de Noticias* has published 7 principal recommendations which will be suggested to the Brazilian government by Sir Otto. If they are not exact, they may at least anticipate the trend of the report. They include recommendations for: (1) creation of a central bank of issue to take care of rediscount transactions; (2) resumption of the gradual return to free coffee operations; (3) temporary suspension, for a minimum of 2 years, of sinking fund payments on foreign loans; (4) stabilization of exchange; (5) revision of the tax system and a scheme for making payment rigid.



# The Figures of the Week And What They Mean

May closed without significant changes apparent in the general business situation... With the exception of such lines as automobiles, textiles, shoes, food products, and department stores, there has been little indication of increased activity... A revival of confidence may be stimulated by a better showing in the stock market... Non-residential building spurred ahead at the close of May, but other component items in our general index showed but slight change... *The Business Week* index for the week of May 30 remains practically unchanged at 77.9% of normal compared with the revised figure of 77.7% the preceding week and 93% a year ago.

THE gradual decline in steel ingot production brought activity to a level of 41% of capacity during the last week of May. With adjustment for the usual seasonal contraction, our index also registers a decline to 62% of normal

against 63% the preceding week. According to the *Iron Age*, the exaggerated caution of steel consumers is resulting in the accumulation of requirements that will create a pronounced upward swing in activity when confidence is ultimately restored.

Finished steel prices as measured by the *Iron Age* composite price index are but slightly more than \$2 a ton above the level of 9 years ago, and with allowance for concessions that have been notorious, it is likely that the 1922 level has been reached and probably passed. Advances are reported in St. Louis and Chicago on some products, while makers of hot-rolled strip steel have solicited third-quarter business at an advance of \$1 a ton.

## Motor Orders

Slackening in the motor car industry is reported as the chief factor in declining steel activity. Uncertainty over the Ford June program is obscuring the outlook, while the General Motors group

is reported to curtail production about 15%. Final figures on April automobile production indicate a rise of 21% over March. The month represents the fifth consecutive increase since the low point reached in November, 1930, when 136,754 units were produced in the United States and Canada. The May output of 335,708 units marks a gain of 145% over the November low.

## Rail Business

Rail business at Chicago continues to taper. Domestic locomotive orders in May, according to the *Railway Age*, consisted almost entirely of the order of 150 electric locomotives from the Pennsylvania Railroad. Demand for line pipe is stimulating the Youngstown district, with the prospects favorable for considerable improvement in activity in late summer. Structural steel awards totaled 84,500 tons during the past week, placing the week among the best of the year. Bookings during April reached the highest level since December, 1929, but since then have declined rather sharply. Pig iron production during May declined over 3% from the April level, which was to be expected in view of the declining rate of steel activity. In spite of the decline of the

## THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY.....

### Production

	Latest Week	Preceding Week	Year Ago	Average 1926-1930
Steel Ingot Operation (% of capacity).....	41	43	71	81
Building contracts (F. W. Dodge, 4-week daily average in thousands).....	\$12,253	\$12,534	\$17,498	\$22,018
Bituminous Coal (daily average, 1,000 tons).....	*1,106	1,131	1,379	1,472
Electric Power (millions K.W.H.).....	1,565	1,600	1,627	1,430

### Trade

	Latest Week	Preceding Week	Year Ago	Average 1926-1930
Total Carloadings (daily average, 1,000 cars).....	126	125	155	171
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	87	88	102	109
Check Payments (outside N. Y. City, millions).....	\$4,090	\$4,552	\$5,148	\$5,380
Money in Circulation (daily average, millions).....	\$4,669	\$4,671	\$4,507	\$4,749

### Prices (Average for the Week)

	Latest Week	Preceding Week	Year Ago	Average 1926-1930
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.73	\$0.73	\$1.02	\$1.29
Cotton (middling, New York, lb.).....	\$0.086	\$0.089	\$0.161	\$0.183
Iron and Steel (STEEL composite, ton).....	\$31.03	\$31.33	\$33.64	\$36.09
Copper (electrolytic, f.o.b. refinery, lb.).....	\$0.081	\$0.085	\$0.128	\$0.142
All Commodities (Fisher's Index, 1926 = 100).....	70.3	71.0	87.8	95.1

### Finance

	Latest Week	Preceding Week	Year Ago	Average 1926-1930
Total Federal Reserve Credit Outstanding (daily average, millions).....	\$899	\$910	\$999	\$1,237
Loans, Investments, Federal Reserve reporting member banks (millions).....	\$22,598	\$22,708	\$22,726	\$21,325
Commercial Loans, Federal Reserve reporting member banks (millions).....	\$7,885	\$7,924	\$8,416	\$8,705
Security Loans, Federal Reserve reporting member banks (millions).....	\$6,928	\$6,981	\$8,421	\$6,832
Brokers' Loans, N.Y. Federal Reserve reporting member banks (millions).....	\$1,539	\$1,574	\$4,101	\$3,901
Stock prices (average 100 stocks, Herald-Tribune).....	\$114.66	†\$118.83	\$174.98	\$150.98
Bond Prices (Dow, Jones, average 40 bonds).....	\$94.28	\$95.46	\$95.27	\$95.92
Interest Rates—Call Loans (daily average, renewal).....	1.5%	1.5%	3.0%	4.7%
Interest Rates—Prime Commercial Paper (4-6 months).....	2-2½%	2-2½%	3½-3¾%	4.5%
Business Failures (Dun, number).....	528	514	416	456

\*Preliminary

†Revised

last 2 months, there are 10 more stacks active now than in January.

The last days of May saw a sudden improvement in the non-residential group of construction projects, when \$30.7 millions out of \$76.4 millions were accounted for by this class, bringing the daily average rate of the week 23% above that of April. Public works and utilities ranked second in importance with a total of \$25.9 millions, leaving the poor showing of previous weeks unimproved. Residential awards lagged further behind with a total of \$19.8 millions, the smallest weekly total of the month. Our adjusted index of total building contracts based on the past 4 weeks shows but little change, moving to 59% of normal from 60% the preceding week. For the past 7 weeks, the index of construction has been extremely stable, indicating that merely the usual seasonal changes have taken place. An analysis of the monthly data will be available for discussion in the next issue.

#### Coal Declines

Bituminous coal production for the week of May 23 declined slightly from the preceding week, bringing our adjusted index to 61% of normal compared with 63% the week previous. The effect of the strike of bituminous coal miners in western Pennsylvania is not yet apparent in the production data.

Electric power production for the week ending May 30 was obviously affected by the Decoration Day holiday, but the adjusted index which makes allowance for such occasions remains unchanged at 88% of normal. The official figures for April suggest a tendency to recovery in the demand for electricity. Production was only 4% behind a year ago, as against 8% in January. The usual seasonal decline in power produc-

tion has been slight this spring. While the past 11 years showed declines of about 3% for April as against January, this year April was only .4% below January. The weekly data for May indicate that the level of output has been maintained at about 4% under a year ago.

#### Carloadings

The gain in carloadings for the week of May 23 was due largely to the increased shipments of coal and ore. The two groups indicative of the movement of manufactured products upon which our index is based—miscellaneous and less-than-carlot freight—declined slightly so that our adjusted index moved to 76% of normal against 77% the preceding week.

The customary fluctuations of trade caused a 10% drop in the volume of check payments in the 140 cities outside of New York. Our index based on the past two weeks' total was raised by the influence of the high total of the preceding week so that the adjusted figures stand at 86% of normal against 84% for the week of May 20.

#### Currency Circulation

Money in circulation ordinarily shows a sharp increase in the Decoration Day holiday week, but this year's trend has been irregular since March. A contraction of currency for the week of May 30 caused a drop in our adjusted index to 113% of normal against 115% the preceding week.

The withdrawal of the Farm Board from the buying side of the wheat market at the close of May caused a sudden drop in prices on the Chicago Board of Trade and at other wheat centers. Though the board announced its retirement several weeks ago, the trade expected a more gradual adjustment of prices extending over the month of

#### The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.

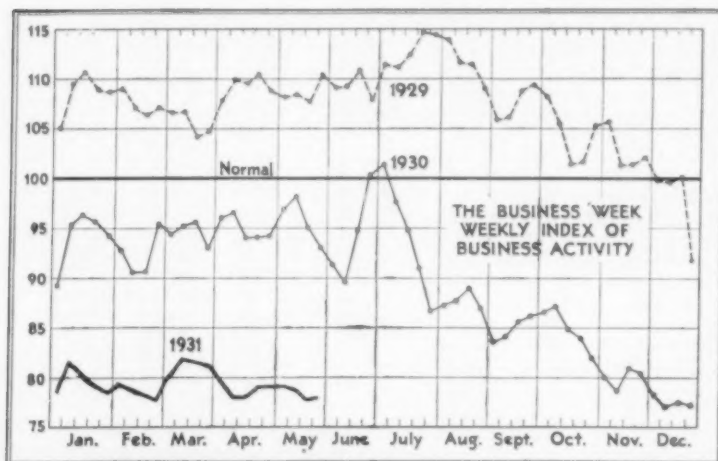
June. July wheat closed on June 3 under 57¢ a bushel, the lowest Chicago quotation since 1896. Cotton prices which had been giving way for many days rallied with the rise in stock prices. In the cotton trade, also, the impression seems to be that a better tone in the financial centers would stimulate buying. The wool trade is looking forward to greater activity in 1931 than in 1930. Government wool consumption figures show a steady increase during the first quarter compared with a decline in 1930.

#### Copper Hits New Low

The non-ferrous metal markets were featured by a new all time low for electrolytic copper when small producers and custom smelters offered the metal at 8¢ a pound delivered. Shipments are for fourth-quarter delivery in the domestic markets indicating that buying is not for actual present needs, but merely because the metal is cheap. Tin also reached a new low for the present century, while lead, silver, and zinc were unchanged and the market dull. Scrap steel is reported weak at the principal centers, while Pittsburgh cut quotations 50¢ a ton to the \$11 level. Steel's composite steel price dropped 30¢ during the week.

The decline in commercial loans left our adjusted index unchanged at 112% of normal.

Business failures for May show a greater decline than normal for the period, indicating considerable improvement since the beginning of the year. May liabilities, though greater than in April, were smaller than a year ago.



# Trends of the Markets

## In Money, Stocks, Bonds

Lower collateral requirements tend to ease money, but the Reserve banks let member bank borrowing increase sharply. . . . The bond market reflects investment gloom by further serious declines in many issues. . . . After reaching new lows, stocks rallied vigorously because of scattering favorable developments and an unbalanced technical situation.

### Collateral Cut Permits Money to Do More Work

REDUCTION in the average collateral required by banks for loans on securities was the chief monetary feature of the week, just as it was the most important factor affecting the stock market. This move increases the amount of work a given total of credit can do and is an influence toward easing money.

The volume of credit available has been decreasing sharply in recent weeks, as new liquidation has taken place. This trend is opposite that of last year, and has occurred in the banks' security and commercial loans and in investments.

The Reserve banks still show no signs of following their rate reductions with increases in the credit volume by open market operations. This week they let tightening influences have full play. Demand for money caused a considerable increase in the amount in circula-

tion for the week ended Wednesday, probably due to holiday expenditures.

This demand was not met with an increase in voluntary Reserve credit, though acceptance holdings rose slightly, so the banks, mostly those outside of New York City, were forced to increase their borrowings to the highest level since early March.

By permitting bank indebtedness to increase, the Reserve banks have extended the time during which gold imports can be prevented from increasing the volume of credit, even though this increase does definitely tend to increase the rates at which bank customers borrow.

A minute decline in the volume of monetary gold stock was interesting because it was the first this year. But there are no signs that the long gold inflow has been reversed.

### Wall Street Shows Signs Of Changing Its Mind

THE sudden vigorous rally in stock prices this week after a further decline to new lows for the depression marked the second climax of the long decline which started in mid-March—and the second point of reconsideration. History shows that these periods following severe declines are usually marked by irregularity, with prices frequently tending

upward for a few days to a few weeks—even longer—before the next major market movement gets under way.

Background for the present culmination: (1) indications of better business in several lines; (2) an unbalanced technical situation within the market; (3) numerous varied attempts to encourage business and the market.

Growing indications of improving business in some lines have been visible since the first of the year. Since mid-March Wall Street has, through stock prices, emphatically recorded its belief that they were illusory and temporary. Not for many years have respected business indicators and the stock market been in such vigorous opposition.

Wall Street may now be changing its mind, in which case a sharp rally may be expected before long. Or it may still feel that it is correct but that the decline has now sufficiently discounted the unfavorable condition which it sees. Or the present halt may only be a breathing spell.

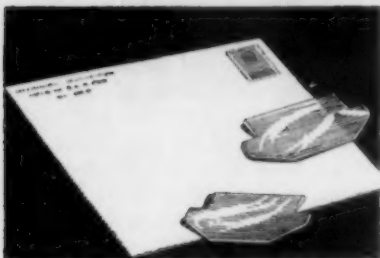
Price movements of long duration always bring a technical lack of balance within the market. Bears or bulls over-extend themselves, normal buying or selling is delayed and the balance between supply of and demand for stocks is destroyed. That must be corrected. The market from the first of the week showed this condition by frequent rallies, which, until Wednesday, were overwhelmed by new selling.

Some of the attempts at encouragement based on scattered signs of improvement date back to last week. They include the stock exchange bear hunt, statements by President Hoover and





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Thomas W. Lamont. The most striking one this week was a general reduction in bank requirements for collateral on security loans—passed on by brokers to customers—indicating banker belief that the decline is nearer its end. The government's cessation of action against the Socony-Vacuum merger was bullishly interpreted to mean a let-up in government pressure.

#### Other Encouragements

Further evidences of extensive liquidation were also encouraging, with indications that most of the "necessitous" kind has been completed. The unspectacular but strong influences of low money rates, high yields, and more reasonable relation of stock prices to estimated earnings exerted strong influence.

The unfavorable news of further commodity declines, the Canadian tariff increase and new dividend cuts were not important factors in the movements of the week.

### Bonds Little Stirred By Stock Market Rally

INVESTORS continued this week to register their pessimism over the business outlook through bond prices. Swayed by few of the manipulative influences that are brought to bear on stocks, the bond market saw no technical rally to bring relief, though some sections followed the sharp stock rally in sympathetic

action. More sellers met more buyers this week, resulting in increased activity.

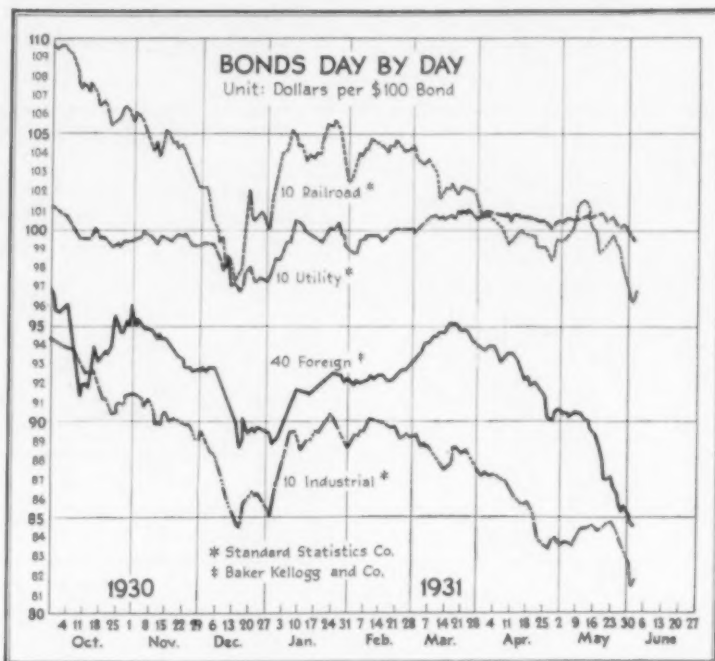
The new precipitate decline in rails got the most relief from the stock rally, for many rail bonds now nearly resemble stocks, as noted here last week. But the estimate that \$1 billion of rail bonds are likely to be put off of the legal lists at the year-end unless a notable business recovery occurs cannot easily be forgotten. New rail dividend cuts during the week were depressing.

Industrials took a long plunge reflecting more doubt as to their investment worth. Foreign issues were weak as a group, though within the list there were more scattered signs of strength than have been recently apparent. Utility issues fell further than they have for some time.

#### Issue Oversubscribed

The new Treasury financing was the feature of the week, its \$800 millions of bonds being hastily oversubscribed. The 3½% interest offered corresponds roughly to the yield on other Treasury issues, which were irregular in the face of the new one. The market is relieved that some of the Treasury operation is completed, but is reasonably certain of one or more other huge Treasury issues before the year-end.

Other new financing through bonds was small, mostly accounted for by \$20 millions of Federal Intermediate Credit bank securities. Utility and municipal new issues were at a minimum and there was again no rail or industrial financing.





## Wide Reading

**CAPITALISM HAS JUST BEGUN.** Edwin R. A. Seligman. *Review of Reviews*, June. What capitalism needs is intelligent planning of production. A socialized capitalism is inevitable, and it will be able to compete readily with communism.

**SAN FRANCISCO.** Freeman Tilden. *World's Work*, June. A character sketch of a city.

**GOODBYE, WHEAT FARMER! MORROW** Mayo. *American Mercury*, June. Ford was right: "Large corporations whose sole business it will be to perform the operations of plowing, planting, cultivating, and harvesting will supersede the individual farmer, or groups of farmers will combine to perform their work in a wholesale manner."

**DEBT CANCELLATION UNNECESSARY.** Theodore M. Knappen. *Magazine of Wall Street*, May 30. What Bruening and Curtiss are discussing at Chequers, and what is bound to be a topic of prime interest in the next several months.

**LOYD'S LONDON.** *Fortune*, June. Probably the most typically British of all companies, Lloyd's is not an insurance company.

**READERS' CHOICE.** S. H. Giellerup. *Advertising & Selling*, May 27. A study involving 309 advertisements, 49,000 prospects and 12 clues to that intangible something called "consumer appeal."

**HOW CHILDS MERCHANDISED \$1 MILLION** IN NEW SALES. *Chain Store Age*, June. Sales methods under a new management. Details of new merchandising methods of the company now experimenting with the "All-you-can-eat-for-60¢" plan in several of its New York restaurants.

**A GLIMPSE INTO THE FUTURE AT WESTINGHOUSE.** Howard Florence. *Review of Reviews*, June. What's ahead in industrial research at Westinghouse.

### REPORTS—SURVEYS

**GUIDE FOR AMERICAN BUSINESS IN FRANCE.** Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, 121 pp., 20¢. Handbook of French industry, banking practice, commercial law, taxes, insurance, advertising mediums.

**ECONOMIC CONDITIONS IN THE ARGENTINE REPUBLIC.** British Department of Overseas Trade. His Majesty's Stationery Office, London, 129 pp., 3s. 6d. Handbook (complete through October, 1930) for business men dealing with the Argentine.

### BOOKS

**INDUSTRIAL ACCIDENT PREVENTION.** H. W. Heinrich. McGraw-Hill, 366 pp., \$4. An attempt by the author after 17 years of direct contact with accident problems in industrial concerns to interpret "safety work" on a scientific basis.

**A TREATISE ON MONEY.** John Maynard Keynes. Harcourt, Brace, 2 vol., \$8. An extremely comprehensive examination of monetary problems, theoretical and practical, by the Britisher who became famous for predictions of the economic consequences of the Treaty of Versailles.

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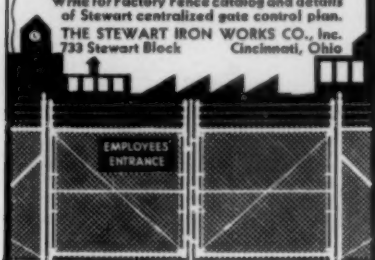
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## Editorial Stamina

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## THE BUSINESS WEEK

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## Letters

### The Long Queue

26, Lavengro Road  
London, S.E. 27

To the Editor:

Your editorial in your May 13 issue, entitled "Thunder on the Right" made welcome reading. For it would appear that attention is now being directed towards monetary policy as the determining factor in prosperity or depression. Here in England there is the same antagonism developing towards bankers and banking philosophy. Unfortunately, for the most part it is also inarticulate.

Here the baneful effects of deflation have been felt longer—for ten years. During the past decade British industry has been squeezed like a lemon by the determination of the financiers to restore the £ sterling to pre-war value, and in the process have had to submit "to platitudes about thrift and hard work" from the very men who were instrumental in creating the trade depression.

Engineers and those who are accustomed to deal with physical realities declare there is no need for any man, woman, or child to go hungry, or ill-clothed, or unsheltered. There is no physical obstacle to production.

But bankers who deal, not with physical realities, but with figures, declare there is not money enough to supply people with the goods which are so rapidly and easily made. By their method of accountancy, they cancel the credits which should provide purchasing power and create confusion by terming such assets as plant, bridges, etc., as "debts." They restrict credit and raise the bogey of "inflation" should their policy be called in question. But as long as goods are produced equal in value to the new money created, there is no inflation. Money is but a token which may purchase goods.

At present the people in each country are in the position of travelers standing in a queue before the ticket office. The trains are all ready to run, the rolling stock is ample and in good order, but the man in the ticket office is holding them all up, because there are not enough tickets printed!

Yours sincerely,

FRANCIS TAYLOR.

### Subsidized!

Lake County Title Company  
Crown Point, Ind.

To the Editor:

*The Business Week* of May 27 certainly wises up your readers as to where you stand on business conditions and leadership, which you had been writing about for the last six months.

Your "Gold Diggers" and "Indiana Chain Store Legislation" leave no doubt in the minds of your readers that you are probably subsidized by chain store interests and big business in general.

Undoubtedly you stand with Mr. Hoover and big business in advocating mass production and mass distribution, but these things stand for more proceeds for big business and less employment for the masses.

There is not one city in the United States whose business district is not in distress, property selling from 25% to 40% less than

it did 4 or 5 years ago, brought about principally by the fact that chain stores have wiped out thousands of competitors, put out of business men who made the community and who still stand by the commoners. No doubt you also favor corporation farming; living in an atmosphere of big things with big business propaganda surrounding you, you have lost sight of the individual and individual efforts.

In distributing a magazine, you should have wised up long ago that the real cause of the depression in this country is that there is no work for the individual. How are we going to remedy these things if you continue to advocate the wiping out of all small businesses and destroying jobs for individuals?

When newspapers and magazines of the country start fighting for the people instead of big business, prosperity will appear over the horizon.

Yours very truly,

EDWARD J. EDER,  
Vice-President.

### Aphasia?

The Toronto, Hamilton & Buffalo Ry. Co.,  
Hamilton, Ont.

To the Editor:

The attached clipping [picture of Canadian Pool Terminal] from your last publication (May 13) is what might be termed as "approximately correct"; the *Lemoyne* has never been through Welland Canal, consequently never at Toronto. There is no Canadian Pool Terminal at Toronto; boats do not load grain at Toronto, they unload it. Otherwise your statement is correct, i.e., the *Lemoyne* is the longest ship on the lakes; the ice is out—at Toronto; has been for about two months.

Yours truly,

H. T. MALCOLMSON,  
Vice-President.

The Koppers Construction Company,  
Chicago, Ill.

To the Editor:

The attached picture was clipped from your issue of May 13, 1931.

In the interest of accuracy and general information, is it not true that the scene depicted in this picture is from Buffalo, that the ship is unloading wheat instead of loading, and that until the new Welland Canal is opened, it would be impossible for a Great Lakes boat of this size to enter Lake Ontario?

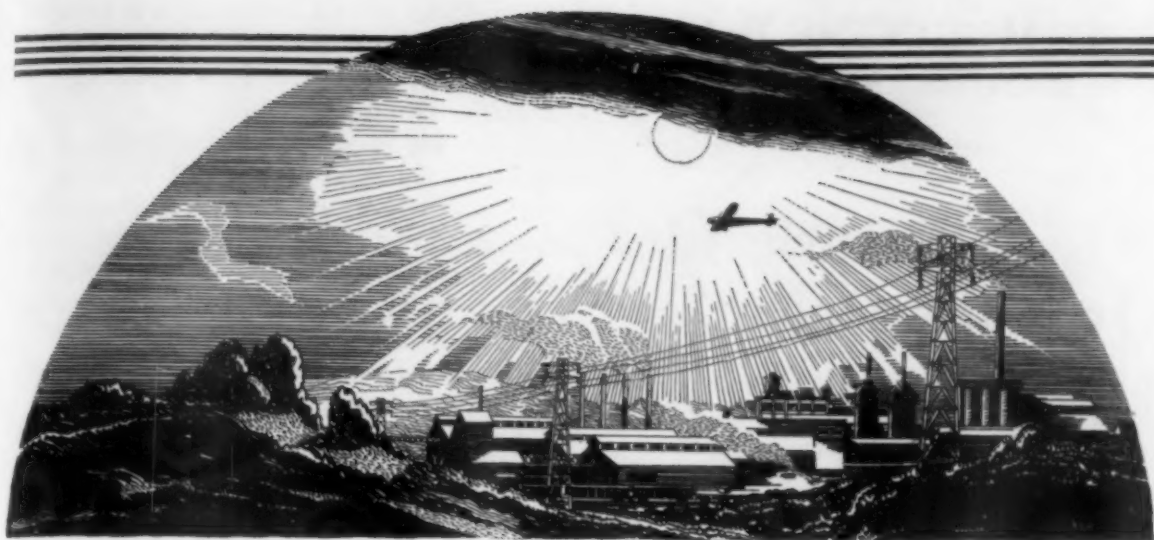
I have lived in Buffalo for quite a few years and, unless I am very much mistaken, the grain elevator shown is that of the Canadian Pool Terminal and was erected some time around 1926 or 1927.

My best recollection on the subject rates Buffalo as the largest flour milling center in the country, even outranking Minneapolis, but I will be glad to receive a correction on this latter point if it is not true.

Yours very truly,

A. H. HARRIS, JR.,  
District Engineer.

*The explanation is very simple. It is idiocy. Momentary, we hope. Like forgetting your 'phone number. One of us used to drive past Buffalo's Canadian Pool Terminal twice daily. And yet did not challenge the photographers' label. We are covered with shame.*



*"The opportunities which have so multiplied in the last generation, are only the forerunners of others (and perhaps greater ones) which will come as the result of forces now at work and constantly being discovered—"*

ANDREW W. MELLON, MAY 5th, 1931

Opportunity is still knocking at the door of the open mind.

If your sales to the business market are off must you excuse it on the grounds of depression? There's plenty of money in this field. The well-managed enterprises have high cash reserves; low inventories. And, today, they need new equipment more than ever before. Then, why aren't they buying? The answer comes right back to you men who are responsible for the buying policies of business.

Within the past few months there's been a distinct change in the buying-structure of business. The authority to purchase which, in boom periods, you delegated to subordinates, is back in your own hands. The buying power of American business has again become the province of the major executives. Until these men are stimulated to buy, sales will continue to lag.

This recapture of buying power by the com-

paratively few top executives might seem to make the sales problem simple. But, consider your own activities. Are you available to salesmen of other lines or services? No! The key men of business are not as accessible as were the subordinates.

Fortunately, however, these men read. Fortunately you, and most of the other dominant heads of business must know, week by week, what is going on in the business world; must have accurate news, and dependable interpretation of business events. Fortunately, this group gathers around the pages of *The Business Week*—75,000 strong. And, right here lies one opportunity mentioned at the top of this page—to place your sales story before the one group that can unlock the nation's buying power, with the assurance that it will be read. You cannot duplicate this sales opportunity, at anywhere near the moderate cost.





# THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

June 10, 1931

## Whose Bonnie Lies Over the Ocean?

THE National Foreign Trade Council has rendered a special service this year by providing a forum for full, free, and frank discussion of our foreign trade problems.

Aside from the practical technical matters of sales methods, financing, and organization in foreign trade development, the issues involved in the discussions of the conference come down to a single crucial question: Is this development to be the free, natural, unforced outcome of private business initiative, or is it to be the product of special, one-sided governmental and financial stimulation, support, and control?

The implications of this issue are profound and far-reaching. It is not at all a question whether we shall sell our goods abroad or not. No one can make that choice for American business. Our business men and the goods they have to offer to foreign purchasers will ultimately decide that question. The real problem is one of the setting, the circumstances, the auspices, the terms under which foreign markets are to be sought. Here our tariff, debt, shipping, and international financial policies are inseparably involved; and at the bottom of all is the relation of government to foreign trade.

There is no inherent reason why governments should be more actively engaged in promoting foreign trade than domestic business. In fact, far less so; for in this country our domestic market is incomparably more important to the national prosperity. Yet in every country foreign trade has been peculiarly the subject, or victim, of paternalistic influence. It lends itself readily to governmental control and is inextricably entangled with political purposes. As Russia, in the extreme instance, has shown, such control is the first step in the complete state supervision of domestic industry and trade.

The ultimate outcome of the linking of government and trade is not the natural advance-

ment of international commerce; it is economic and political warfare, in which tariffs, subsidies, and financial pressure are the weapons.

Many thoughtful observers are asking whether this game is worth the candle, so far as the United States is concerned, if it must be played that way. It is doubtful whether we should waste our energy on the flag-waving forcing of foreign markets, especially under the conditions that we face today, as a creditor nation with a high tariff policy, trying to trade with a world burdened with war debt, struggling for political stability.

Ultimately the only economic justification for sending our goods abroad is that our people as a whole may get in return things that we need, which other countries can produce more advantageously and which add to our standard of living and our real wealth. If we refuse to take these things, our trade profits no one but a relatively few security holders who have lent our foreign customers the money with which they can enjoy the wealth we have produced—and even this profit cannot be permanent unless ultimately it is converted into products which our people can consume.

It is useless to criticize for their lack of courage those who question a foreign trade carried on on these terms, and who do not respond to patriotic appeals for its expansion. They are only facing the facts, which no amount of flag-waving can conceal. They are only insisting that our foreign trade be left to find its level on a sound basis, without the political pulmotor.

They feel that it will find its level sooner and more soundly if both business and government devote themselves more energetically to the development of the domestic market, for this country can contribute more to world progress and stability by promoting prosperity at home than she can by conquering foreign markets by any kind of commercial chauvinism.

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